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Chas. R. Sunderman

TWO LECTURES

ON

POPULATION,

DELIVERED BEFORE

THE UNIVERSITY OF OXFORD

IN

EASTER TERM, 1828.

BY

NASSAU WILLIAM SENIOR,

LATE FELLOW OF MAGDALEN COLLEGE, A.M., PROFESSOR OF POLITICAL ECONOMY.

TO WHICH IS ADDED, A

CORRESPONDENCE BETWEEN THE AUTHOR

AND THE

REV. T. R. MALTHUS.

LONDON:

SAUNDERS AND OTLEY, CONDUIT STREET.

1828.

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ADVERTISEMENT.

Mr. Malthus has honoured me with a correspondence, which he has permitted me to append to these Lectures.

I feel the disadvantageous contrast to which I expose my own compositions by their juxta-position to those of our most eminent living philosophical writer; but I also feel that nothing could justify me in withholding from the public the instruction contained in Mr. Malthus's Letters.

LECTURE I.

POPULATION.

In the present and the following Lecture I propose to consider the subject of Population. A subject of which the details are almost endless, but the general principles few and plain. It is indebted probably to the latter circumstance for the degree in which it has attracted the public attention. The doctrines of rent, of value, and of money, are each as important as that of population, but they require the use of highly abstract terms, and depend on long chains of reasoning. They have, therefore, been avoided or neglected by many who are familiar, or suppose themselves to be familiar,

with the simple laws of population. In my introductory Lecture I sketched what appeared to me an outline of those laws in the following proposition:—" That the population of a given district is limited only by moral or physical evil, or by deficiency in the means of obtaining those articles of wealth; or, in other words, those necessaries, decencies, and luxuries, which the habits of the individuals of each class of the inhabitants of that district lead them to require."

The only modification which subsequent reflection induces me to apply to this proposition is, to substitute for the word " deficiency," the words, " the apprehension of a deficiency." My reasons for this substitution are: first, that the actual deficiency of necessaries is a branch of physical evil; and, secondly, that it is not the existence of a deficiency, but the *fear* of its existence which is the principal check to population, so far as necessaries are concerned, and the sole check as respects decencies and luxuries.

But before I take this proposition in detail,

I feel that I ought to explain, as precisely as I can, what I mean by the words, necessaries, decencies, and luxuries; terms which have been used ever since the moral sciences first attracted attention in this country, but have never, within my knowledge, been defined.

It is scarcely necessary to remind you, that they are relative terms, and that some person must always be assigned, with reference to whom a given commodity or service is a luxury, a decency, or a necessary,

By *necessaries* then, I express those things, the use of which is requisite to keep a given individual in the health and strength essential to his going through his habitual occupations.

By *decencies*, those things which a given individual must use in order to preserve his existing rank in society.

Every thing else of which a given individual makes use; or, in other words, all that portion of his consumption which is not essential to his health and strength, or to the preservation of his existing rank in society, I term *luxury*.

It is obvious, that when consumed by the inhabitants of different countries, or even by different individuals in the same country, the same things may be either luxuries, decencies, or necessaries.

Shoes are necessaries to all the inhabitants of England. Our habits are such, that there is not an individual whose health would not suffer from the want of them. To the lowest class of the inhabitants of Scotland they are luxuries. Custom enables them to go barefoot without inconvenience and without degradation. When a Scotchman rises from the lowest to the middling classes of society they become to him decencies. He wears them not to preserve his feet, but his station in life. To the highest classes, who have been accustomed to them from infancy, they are as much necessaries as they are to all classes in England. To the higher classes in Asia wine is a luxury, and tobacco a decency. In Europe it is the reverse. The Asiatic drinks, and the European smokes, not in obedience but in oppo-

sition both to the rules of health, and to the forms of society. But wine in Europe and the pipe in Asia are among the refreshments to which a guest is entitled, and which it would be as indecent to refuse in the one country as to offer in the other.

It has been said that the coalheavers and lightermen, and some others among the hard working London labourers could not support their toils without the stimulus of porter. If this be true, porter is to them a necessary. To all others it is a luxury. A carriage is a decency to a woman of fashion, a necessary to a physician, and a luxury to a tradesman.

The question whether a given commodity is to be considered as a decency or a luxury, is obviously one to which no answer can be given, unless the place, the time, and the rank of the individual using it be specified. The dress which in England was only decent one hundred years ago, would be almost extravagant now; while the house and furniture, which now would afford only decent accommodation to a

gentleman, would then have been luxurious for a peer.

The causes which entitle a commodity to be called a necessary, are more permanent and more general. They depend partly on the habits in which the individual in question has been brought up, partly on the nature of his occupation, on the lightness or the severity of the labours and hardships that he has to undergo, and partly on the climate in which he lives.

Of these causes I have illustrated the two first by the familiar examples of shoes and porter. But the principal cause is climate. The fuel, shelter, and raiment which are essential to a Laplander's existence, would be worse than useless under the tropics. And as habits and occupations are very slowly changed, and climate suffers scarcely any alteration, the commodities which are *necessary* to the different classes of the inhabitants of a given district, may, and generally do, remain for centuries unchanged, while their decencies and luxuries are continually varying.

To recur, however, to my original proposition. I have stated, that the population of a given district is limited only by moral or physical evil, or by the apprehension of a deficiency of necessaries, decencies, or luxuries.

It is now generally admitted, indeed it is strange that it should ever have required to be pointed out, that every species of plant, or animal, which is capable of increase, either by generation, or by seed, must be capable of a constantly increasing increase; every addition to its numbers being capable of affording a source of still further additions, or, in other words, that wherever there is a capacity of increase, it must be a capacity of increase, not by mere addition, but by multiplication, or to use the shorter form in which the proposition is usually stated, not in an arithmetical, but in a geometrical ratio. The rate at which any species of plant, or animal, is capable of increasing, must depend on the average power of reproduction, and the average length of

existence of the individuals of which it is constituted. Wheat, we know, is an annual, and its average power of reproduction perhaps about six for one. On that supposition the produce of a single acre might cover the globe in fourteen years.

The rate at which the human race is capable of increasing, has been determined by observation. It has been ascertained, that for considerable periods, and in extensive districts under temperate climates, it has doubled every twenty-five years.

The power of reproduction in the human race, must, under similar climates, be always and every where the same. I say, under similar climates, because the acceleration of puberty which has been sometimes observed in tropical countries, unless checked, as I believe to be the case, by an earlier cessation of child-bearing, would occasion increased fecundity. And the United States of America, the districts in which the rate of increase which I have mentioned has been most clearly ascer-

tained, are not remarkable for the longevity of their inhabitants. We may infer, therefore, that such, at least, is the average power of reproduction, and average duration of life in the individuals constituting the human species, that their number may double every twenty-five years. At this rate the inhabitants of every country would, in the course of every five centuries, increase to above a million times their previous number. At this rate, the population of England, would, in five hundred years, exceed twelve millions of millions. A population which would approach the proportion of a family to every square inch of ground.

Such being the human powers of increase, the question is, by what checks is their expansion controlled? How comes it, that the population of the world, instead of being now a million times as great as it was five hundred years ago, apparently has not doubled within that time, and certainly has not quadrupled?

Mr. Malthus has divided the checks to po-

pulation into the preventive and the positive. The first are those which limit fecundity, the second, those which decrease longevity. The first diminishes the number of births, the second increases that of deaths. And as fecundity and longevity are the only elements of the calculation, it is clear that Mr. Malthus's division is exhaustive.

The positive check to population is physical evil. The preventive checks are promiscuous intercourse, and abstinence from marriage. The first is moral evil; the second is, with very few exceptions, so few that they do not affect the result, founded on an apprehended deficiency of necessaries, decencies, or luxuries, in other words, on prudence. All the preventive and positive checks, may, therefore, be distributed under prudence, moral evil, and physical evil. In the present lecture, I shall consider the positive, in the subsequent lecture the preventive, checks.

We have seen that the positive checks to population include all the causes which tend,

in any way prematurely, to shorten the duration of human existence; such as unwholesome occupations, severe labour, or exposure to the seasons, bad or insufficient food or clothing, bad nursing of children, excesses of all kinds, the corruption of the air from natural causes, or from large towns, wars, infanticide, plague, and famine. Of these, some arise from the laws of nature, and others from the crimes and follies of man; all are felt in the form of physical evil, but the latter are the result of moral evil.

The final and irresistible mode in which physical evil operates, is the want of the necessaries of existence; death produced by hardship or starvation. This is almost the only check to the increase of the irrational animals, and as man descends towards their condition, he falls more and more under its influence. In the lowest savage state it is the principal and obvious check; in a high state of civilization it is almost imperceptible. But it is unperceived only in consequence of its substitutes.

We have seen that, as a general rule, additional labour employed in the cultivation of the land within a given district, produces a less proportionate return. And we have seen that such is the power of reproduction and duration of life in mankind, that the population of a given district is capable of doubling itself at least every twenty-five years. It is clear, therefore, that the rate at which the production of food is capable of being increased, and that at which population, if unchecked, would increase, are totally different. Every addition made to the quantity of food produced, makes, in general, a further addition more difficult. Every addition to the existing population, diffuses wider the means of still further addition. If neither evil, nor the fear of evil, checked the population of England, it would amount in a century to above two hundred millions. Supposing it possible that we might be able to raise, or to import the subsistence of two hundred millions of people, is it possible that a hundred and twenty-five years hence we should be able to

support four hundred millions? or in a hundred and fifty years, eight hundred millions? It is clear, however, that long before the first century had elapsed—long before the period at which, if unchecked, we should have attained two hundred millions, no excellence in our institutions, or salubrity of climate, or unremitting industry, could have saved us from being arrested in our progress by a constantly increasing want of subsistence. If all other moral and physical checks could be got rid of, if we had neither wars, nor libertinism, if our habitations and employments and habits were all wholesome, and no fears of indigence, or loss of station prevented or retarded our marriages, famine would soon exercise her prerogative of controlling, in the last resort, the multiplication of mankind.

But though it be certain that the absence of all other checks would only give room for the irresistible influence of famine, it is equally certain that such a state of things never has existed, and never will exist.

In the first place, the absence of all the other moral and physical evils which retard population, implies a degree of civilization not only high, but higher than mankind have as yet enjoyed. Such a society cannot be supposed to want sagacity sufficient to foresee the evils of a too rapidly increasing population, and prudence sufficient to avert them, especially as that prudence might be exercised even by those who had no thought of public advantage, no idea of abstract reasoning, no care but for their private welfare. In such a state, the preventive check would be in full operation, and its force is quite sufficient to render unnecessary even the approach of any positive check.

And secondly, it is impossible that a positive check so goading and so remorseless as famine should prevail without bringing in her train all the others. Pestilence is her uniform companion, and murder and war are her followers. Whole bodies of men will not tamely lie down to die, and witness, while they are perishing, their wives and children and parents starving

around them. Where there is a diversity of fortunes, famine generally produces that worst form of civil war, the insurrection of the poor against the rich. Among uncivilized nations it produces those tremendous hostile migrations in which a whole people throws itself across a neighbouring frontier, and either perishes in the attempt to obtain a larger or a more fertile territory, or destroys the former possessors, or drives them out to be themselves aggressors in turn.

In fact, almost all the positive checks by their mutual reaction have a tendency to create and aggravate one another: and the destruction of those who perish immediately by one, may generally be found to have been remotely occasioned by one or more of the others. Among nations imperfectly civilized, the widest and most wasting of the positive checks is predatory war. A district exposed to it must suffer in their full force all the others. Mere fear of invasion must keep them pent up in crowded and consequently unwholesome towns; it must

confine their cultivation to the fields in the immediate neighbourhood of those towns; and if it do not destroy, must so much impede their commerce, as to render it useless as a source of subsistence. And when the invasion does come, it is often followed by the complete extirpation of the invaded community. This is the check which has kept the whole of Africa, the western parts of Asia, and the southern districts of America in their comparatively unpeopled state.

In his passage from Abyssinia to Sennaar, Bruce crossed the territory of Atbara, subject to the incursions of the Daveina Arabs. The whole country seems to have been a scene of desolation. He passed a night at Garigara, a village of which the crops had been destroyed a year before. The inhabitants had all perished with hunger, and their remains were unburied and scattered over the ground where the village had stood. The travellers encamped among the bones: no space could be found free from them. His next stage was Teawa. "Its con-

sequence," he observes, " was to remain only " till the Daveina Arabs should resolve to at- " tack it; when its corn-fields being burnt and " destroyed in a night by a multitude of horse- " men, the bones of its inhabitants, scattered " upon the earth, would be all its remains, like " those of the miserable village of Garigara."

Among the positive checks to the population of uncivilized, or partially civilized nations, the next in importance to war is famine.

I have already observed, that there is so much reaction among the positive checks, that one of them alone is seldom experienced. But when a people depends principally on that subsistence which is most abundant, (and such is the case among the nations in question,) the mere variations of the seasons must, from time to time, produce destructive want. Where society is better constituted, the evil of these variations is mitigated, partly from the superfluity of the more opulent classes, partly by importation, and principally by a recurrence to a less expensive diet; but in a barbarous, and

consequently a poor and uncommercial country, they are the most frightful forms of national calamity. The histories which we possess of such countries, always particularize periods of dearth as amongst the most memorable events recorded. They seem in a constant oscillation, between the want endured by a population that has increased to the utmost limits of subsistence, and the plenty enjoyed by the survivors, after that population has been thinned by war, pestilence, or famine.

The remainder of the positive checks, such as infanticide, and unwholesomeness of climate, habits, or situation, appear rather to act as substitutes for the preventive checks, than to produce any actual diminution, or prevent any actual increase.

Infanticide has been supposed to be rather favourable to population, by opposing to the prudential check to marriage a mode of disposing of its offspring, which may appear easy in contemplation, but from which the feelings of the parents eventually recoil. The un-

wholesomeness of some districts is unquestionably such, as to keep them totally unpeopled, or inhabited by strangers, whose numbers must be constantly recruited. Such, for instance, appears to be the case in the most unhealthy parts of Italy; and such is the case with large manufacturing towns, even in the most favourable climates, unless great skill and great care are directed towards their cleanliness and ventilation. And in a newly colonized country, like the back settlements in America, where the abundance of land, and the constantly increasing means of subsistence, would render any preventive check unnecessary, any cause diminishing longevity must retard increase. But, with these exceptions, unhealthiness rather causes the successive generations of mankind to pass more rapidly away, than diminishes their actual number. In some of the healthiest districts of Switzerland, the average annual mortality does not exceed one in fifty; in many of the marshy villages of Holland it exceeds one in twenty-three. But

it would be rash to expect the population of the former to be more dense, or to increase more rapidly, than that of the latter. The case is, in fact, the reverse. In the Swiss villages of which I have been speaking, the births are as rare as the deaths: the population is thin and stationary. Among the Dutch the births somewhat exceed the deaths: the population is dense, and is increasing. It is obvious indeed, that the proportion of annual births to the whole number of people being given, the rate of increase must depend on the proportion borne by the annual deaths. And the proportion of deaths to the whole number of people being given, it must depend on the proportion borne by the births; or, to use a shorter form of expression, given the longevity, it must depend on the fecundity; and given the fecundity, it must depend on the longevity. If both are given, the rate of increase may be calculated; but from only one the conclusion must be the disjunctive. If the annual births bear a large proportion to the existing

number of people, we may conclude either that the population is rapidly increasing, or that the positive checks are in powerful operation. On the other hand, from a small proportion of annual deaths may be inferred either a rapid increase of numbers, or a strong prevalence of the preventive checks. The average duration of life in England is greater than in the United States of America; but so much greater is the force of the preventive checks, that the rate of increase in America is double that in England. Again, the average duration of life in the Swiss villages that I have before referred to, is the same as it is in England; but the preventive check in England, strong as it appears when compared with its force in America, is so much weaker than it is in some districts in Switzerland that with the same annual mortality the population is in the one country stationary, in the other rapidly progressive.

But although the average longevity in a country affords no decisive evidence as to the increasing or stationary number of its inhabi-

tants, it is among the least deceitful tests of their prosperity: far less so than that on which statesmen formerly relied, the number of births. There is not an evil, moral or physical, which has not a tendency, directly or indirectly, to shorten life, but there are many which have a direct tendency to increase fecundity. The extraordinary duration of life in England, exceeding, as it does, the average of any other equally extensive district, is a convincing proof of the general excellence of our climate, our institutions, and our habits.

In my next Lecture I shall consider the preventive checks to population.

LECTURE II.

POPULATION.

I OBSERVED in my last Lecture that the expansive power of population is such that it necessarily and inevitably will be restrained by some check, positive or preventive. I then considered the positive checks, and found them to consist of the different modifications of physical evil. In the present lecture, I propose to consider the preventive checks. We have seen that they are promiscuous intercourse and abstinence from marriage.

The first does not appear to me to be of sufficient importance to require much consider-

ation. It is said to produce some effect in checking the increase of the higher classes in Otaheite, and in some of the other South Sea Islands; and it appears to produce the same effect to a considerable extent among the West Indian Negroes. But the nobility of the South Seas scarcely deserve to be separately considered. And where the other forms of moral and physical evil are accumulated as they are among the West Indian slaves, it is probable that the removal of this obstacle alone would do little to facilitate their increase.

But with these exceptions, there are scarcely any females whose fecundity is prevented or diminished by promiscuous intercourse, except those unhappy individuals whose only trade is prostitution. And they form so small a proportion of the population of the whole world, that the check to population occasioned by their unfruitfulness may safely be disregarded.

The only remaining check is abstinence from marriage. You are of course aware that by the word "marriage," I mean to express not

the peculiar and permanent connexion which alone, in a Christian country, is entitled to that name: but any agreement between a man and woman to cohabit exclusively for a period, and under circumstances likely to occasion the birth of progeny. I observed, in my last Lecture, that abstinence from marriage is almost uniformly founded on the apprehension of a deficiency of necessaries, decencies, or luxuries, or, in other words, on prudence. Some cases certainly occur in which men remain unmarried, although their fortunes are so ample that the expenses of a family would be unperceived. But the number of persons so situated is so small, that they create an exception which would scarcely deserve attention, even if this conduct were as common among them, as it is in fact rare.

We shall scarcely, therefore, be led into error if, in considering the preventive checks, we confine our attention to prudence, and assume that, as nothing but physical evil diminishes the longevity of mankind, nothing but an ap-

prehended deficiency of luxuries, decencies, or necessaries, prevents their fecundity.

The check from an apprehended deficiency of luxuries is but slight. The motives, perhaps I might say the instincts, that prompt the human race to marriage, are too powerful to be much restrained by the fear of losing conveniences, unconnected with health or station in society.

The fear of losing decencies, or perhaps more frequently the hope to acquire, by a longer accumulation during celibacy the means of purchasing the decencies of a higher social rank, is a check of far more importance. Want of actual necessaries is seldom apprehended by any except the poorest classes in any country. And in England, though it sometimes is felt, it probably is anticipated by none. When an Englishman stands hesitating between love and prudence, a family really starving is not among his terrors. Against actual want he knows that he has the fence of the poor laws. But, however humble his desires,

he cannot contemplate, without anxiety, a probability that the income which supported his social rank while single, may be insufficient to maintain it when he is married; that he may be unable to give to his children the advantages of education which he enjoyed himself; in short, that he may lose his caste. Men of more enterprise are induced to postpone marriage, not merely by the fear of sinking, but also by the hope, that in an unencumbered state they may rise. As they mount, the horizon of their ambition keeps receding, until sometimes the time has passed away for realizing those plans of domestic happiness which probably every man has formed in his youth.

There are few triter subjects of declamation than the contrast between ancient simplicity and modern luxury. Few virtues, however useful, have received more applause than the contented and dignified poverty, the indifference to display, and the abstinence from unnecessary expense which all refined nations at-

tribute to their ancestors. Few vices, however mischievous, have been more censured than the ostentatious expenditure which every succeeding generation seems to consider its own peculiar characteristic.

It certainly appears, at first sight, that habits of unnecessary expense, as they have a tendency to diminish the wealth of *an individual*, must have the same effect on the wealth of a nation And, separately considered, it appears clear that each act of unproductive consumption, whatever gratification it may afford to the consumer, must be *pro tanto* detrimental to the rest of the community. It is so much taken from the common stock and destroyed. And, as the national capital is formed from the aggregate savings of individuals, it is certain, that if each individual were to expend to the utmost extent of his means, the whole capital of the country would be gradually wasted away, and general misery would be the result. But it appears to me equally certain,

that if each individual were to confine his expenditure to mere necessaries, the result would be misery quite as general and as intense.

We have seen that the powers of population, if not restrained by prudence, must inevitably produce almost every form of moral and physical evil. In the case which I am supposing, the wants of society would be confined to the food, raiment, and shelter, essential to the support of existence. And they would all consist of the cheapest materials. It may be worth while to trace some of the consequences which would follow, if such a change of the objects of human desire could take place in England.

At present the cultivation of the land does not employ more than a third of our population, and a great part of the labourers so employed are producers of luxuries. Indeed, as potatoes afford a food, five or six times as abundant as corn, and more than twenty times as abundant as meat, and as far as can be judged from the appearance and powers of

the lower Irish, quite as wholesome, meat and corn may be considered as decencies or luxuries to the extent in which they are more expensive than potatoes. Nor is our present mode of cultivation directed to the obtaining the largest possible return. The object is always to obtain the largest possible return that is consistent with profitable farming, but in the pursuit of this object, quantity of produce is often sacrificed to economy of labour or time.

If there were no desire for luxuries, both the existing partition of the land and the existing division of labour would be varied. No family would wish to occupy more land than the small spot necessary to afford them potatoes and milk; and supposing them to give to it the utmost nicety of garden cultivation, its management would still leave them time to produce the coarse manufactures necessary for their own use. The whole of our population would be agricultural. At present the four millions so employed, although their

labour is far from being directed to the production of the greatest possible amount, provides subsistence for the whole twelve millions. If all were so employed, and if quantity of subsistence were their sole object, it is probable, that in ordinary seasons the soil of England could feed at least one hundred millions of people. And in the absence of any checks more powerful than those experienced in the United States of America, our population might, in seventy-five years, amount to one hundred millions. Indeed, it is probable, that under the circumstances which I am supposing, the increase in England would be, for a considerable time, rather more rapid than that which has taken place in America. Preventive checks would not exist; marriage could not be hindered or even delayed by prudence, since there could be no reason to anticipate want; the habit of early marriages would put an end to profligacy; and as our habits would be eminently healthy, the positive checks which even now affect us less than

they do the inhabitants of America, or indeed of any other extensive district, would be reduced to their minimum.

So far the picture is rather pleasing; it exhibits a nation, not rich certainly, nor refined, but supporting a very numerous population in health and strength, and in the full enjoyment of the many sources of happiness connected with early marriage.

Supposing our population to have increased, as would be the case by the beginning of the next century, to one hundred millions, about an acre and a half would be allotted to each family; and, as I before observed, I think that allotment might be sufficient. But it can scarcely be supposed, that three roods would be enough, which would be their allotment in twenty-five years more, or granting that to be enough, it cannot be supposed that at the end of a further term of doubling a family of four persons could live on the produce of a rood and a half.

Sooner or later, therefore, the increase must

be checked, and we have seen that prudence is the only check that does not involve vice or misery. But such is the force of the passions which prompt to marriage, and such is each man's reliance on his own good conduct, and good fortune, that the evils, whatever they may be, the apprehension of which forms the prudential check, are frequently incurred. Where the evil is the loss of luxuries, or even of decencies, it is trifling in the first instance, and bearable in the second. But in the case which I am supposing, the only prudential check would be an apprehended deficiency of necessaries; and that deficiency, in the many instances in which it would be incurred, would be the positive check in its most frightful form. It would be incurred not only in consequence of that miscalculation of chances to which all men are subject, and certainly those not the least so, who are anxious to marry, but through accidents against which no human prudence can guard. A *single* bad harvest may be provided against, but a succession of

unfavourable seasons, and such successions do occur, must reduce such a people to absolute famine. When such seasons affect a nation indulging in considerable superfluous expenditure, they are relieved by a temporary sacrifice of that superfluity. The grain consumed in ordinary years by our breweries and distilleries is a store always at hand to supply a scarcity, and the same may be said of the large quantity of food used for the support of domestic animals, but applicable to human subsistence. To these resources may be added the importation from abroad of necessaries instead of luxuries, and the materials of luxury; of corn, for instance, instead of wine.

It appears, therefore, that habits of considerable superfluous expenditure afford the only permanent protection against a population pressing so closely on the means of subsistence, as to be continually incurring the misery of the positive checks. And as these habits can exist only in an opulent society, it appears to me equally clear, that as a nation advances

in opulence, the positive checks are likely to be superseded by the preventive. If this be true, the evil of a redundant population, or to speak more intelligibly, of a population too numerous to be adequately and regularly supplied with necessaries, is likely to diminish in the progress of improvement. As wealth increases, what were the luxuries of one generation become the decencies of their successors. Not only a taste for additional comfort and convenience, but a feeling of degradation in their absence becomes more and more widely diffused. The increase, in many respects, of the productive powers of labour, must enable increased comforts to be enjoyed by increased numbers, and as it is the more beneficial, so it appears to me to be the more natural course of events, that increased comfort should not only accompany, but rather precede, increase of numbers.

But I must admit that this is not the received opinion. The popular doctrine certainly is, that population has a tendency to

increase beyond the means of subsistence, or, in other words, that, whatever be the existing means of subsistence, population has a tendency fully to come up with them, and even to struggle to pass beyond them, and is kept back principally by the vice and misery which that struggle occasions. I admit that population has the power (considered abstractedly) so to increase, and I admit, that, under the influence of unwise institutions, that power may be exercised, and the amount of subsistence bear a smaller proportion than before to the number of people; and that vice and misery, more or less intense and diffused, according to the circumstances of each case, must be the result. What I deny is, that, under wise institutions, there is any *tendency* to this state of things. I believe the tendency to be just the reverse.

As the subject is one of great interest and importance, I will lay before you, to be compared with my own views, those of Mr. Malthus, Mr. M'Culloch, and Mr. Mill.

"There are few states," observes Mr. Malthus, "in which there is not a constant "effort in the population to increase beyond "the means of subsistence. This constant ef- "fort as constantly tends to subject the lower "classes of society to distress, and to prevent "any great permanent melioration of their "condition. These effects, in the present "state of society, seem to be produced in the "following manner. We will suppose the "means of subsistence in any country to be "just equal to the easy support of its inha- "bitants. The constant effort towards popu- "lation, which is found to act even in the most "vicious societies, increases the number of "people before the means of subsistence are "increased. The food, therefore, which be- "fore supported eleven millions, must now be "divided among eleven millions and a half. "The poor, consequently, must live much "worse, and many of them be reduced to se- "vere distress. The number of labourers also "being above the proportion of work in the

"market, the price of labour must tend to fall, "while the price of provisions would, at the "same time, tend to rise. The labourer, "therefore, must do more work, to earn the "same as he did before. During this season "of distress the discouragements to marriage, "and the difficulty of rearing a family, are so "great, that the progress of population is re-"tarded. In the mean time, the cheapness of "labour, the plenty of labourers, and the ne-"cessity of an increased industry amongst "them, encourage cultivators to employ more "labour upon their land, to turn up fresh soil, "and to manure and improve more completely "what is already in tillage, till, ultimately, the "means of subsistence may become, in the "same proportion to the population, as at the "period from which we set out. The situation "of the labourer being then again tolerably "comfortable, the restraints to population are "in some degree loosened; and, after a short "period, the same retrograde and progressive "movements, with respect to happiness, are "repeated."—*Population*, Book i. Chap. 2.

And he afterwards repeats the same doctrine more explicitly in the following words:—

"According to the principle of population, "the human race has a tendency to increase "faster than food. It has, therefore, a con-"stant tendency to people a country fully up "to the limits of subsistence; meaning, by "these limits, the lowest quantity of food which "will maintain a stationary population."—Book iii. Chap. 1, Note.

Among the valuable notes which Mr. M'Culloch has appended to his edition of the Wealth of Nations, one of the most interesting treats of population: and one of the objects of that note is to show, that the population of the United States of America cannot continue to increase for any very considerable period, at the rate at which it has increased during the last hundred years.

I am perfectly convinced of the truth of this position, and I shall read to you the following extract, not with any intention to oppose Mr. M'Culloch's anticipations as to America, but

because I am anxious to express my dissent to what I conceive to be his general doctrine on the subject of population; and am also anxious, by using his own words, to avoid the chance of misrepresenting them.

"It may be said, perhaps, that allowance "must be made for the effects of the improve- "ments which may be supposed to take place "in agricultural science in the progress of "society, or for the possible introduction, at "some future period, of new and more prolific "species of crops. But it is easy to see, that "the influence of such improvements and "changes must, supposing them to be realized "in the fullest manner, be of very temporary "duration; and that it cannot affect the truth "of the principle, *that the power of increase in "the human species must always, in the long run, "prove an overmatch for the increase in the means "of subsistence.* Suppose, by some extraor- "dinary improvement, the quantity of food, "and other articles, required for the subsist- "ence and accommodation of man, annually

"produced in Great Britain, were suddenly
"doubled, the condition of all classes being, in
"consequence, signally improved, there would
"be less occasion for the exercise of moral re-
"straint; the period of marriage would there-
"fore be accelerated, and such a powerful
"stimulus would be given to the principle of
"increase, that in a very short period the
"population would be again on a level with
"the means of subsistence; and there would
"also, owing to the change which must have
"been made in the habits of the people, with
"respect to marriage, during the period that
"the population was rising to the level of the
"increased supply of food, be an extreme
"risk, lest it should become too abundant,
"and produce an increased rate of mortality.
"Although, therefore, it is not possible to
"assign any certain limits to the progress of
"improvement, it is, notwithstanding, evident,
"that it cannot continue for any considerable
"period to advance in the same proportion
"that population would advance, supposing

"food were abundantly supplied. The cir-
"cumstance of inferior lands, which require
"a greater outlay of capital and labour to
"make them yield the same supply as those
"that are superior, being invariably taken into
"cultivation in the progress of society, demon-
"strates, what is otherwise indeed sufficiently
"obvious to every one, that, in despite of im-
"provements, the difficulty of adding to the
"supplies of food is progressively augmented
"as population becomes denser.

"Mr. Malthus has endeavoured to show,
"that while population has a power to increase
"indefinitely in a geometrical proportion, or in
"the proportion of 1, 2, 4, 8, 16, 32, 64,
"128, 256, &c., doubling itself every five-
"and-twenty years, the supplies of food and
"other necessary accommodations could not be
"made to increase faster during the same pe-
"riods, than in an arithmetical proportion, or
"in the ratio of the numbers 1, 2, 3, 4, 5, 6, 7,
"8, &c. But it is impossible to lay down any
"fixed or certain principle with respect to the

"ratio of the increase of food. I should, how-
"ever, be inclined to think, that the ratio stated
"by Mr. Malthus would be found to be too
"high for countries whose best lands have
"already been brought under tillage. But
"whether Mr. Malthus has over or under
"stated the increase of food, is of no conse-
"quence to the theory of population. It is, at
"all events, unquestionably true on the one
"hand, that an increased difficulty of obtain-
"ing increased supplies of food, though occa-
"sionally obviated for a while by new disco-
"veries and inventions, is uniformly experienced
"according as society advances, and population
"becomes denser; while, on the other hand,
"it is equally true, that the power to produce
"fresh human beings, a power capable of dou-
"bling the population every five and twenty
"years sustains no diminution. And hence it
"results, as was stated at the commencement
"of this note, that the *natural tendency* of po-
"pulation is to outrun production; and that
"if this tendency be not counteracted by the

"prevalence of moral restraint, it must be "counteracted by want, misery, and increased "mortality."—Vol. iv. p. 133.

Mr. Mill's views are to be found in his discussion of wages. *Principles, &c.* Ch. ii. sec. 2.

"If it were," he observes, "the natural "tendency of capital" (under which term Mr. Mill designates the instruments of labour, the materials on which they are to be employed, when produced by labour, and the subsistence of the labourer) "to increase faster than popu-"lation, there would be no difficulty in pre-"serving a prosperous condition of the people. "If, on the other hand, it were the natural "tendency of population to increase faster "than capital, the difficulty would be very "great. There would be a perpetual tendency "in wages to fall. The progressive fall of "wages would produce a greater and a greater "degree of poverty among the people, at-"tended with its inevitable consequences, "misery and vice. As poverty and its conse-"quent misery increased, mortality would

" also increase. Of a numerous family born, a
" certain number only, from want of the means
" of well-being, would be reared. By what-
" ever proportion the population tended to in-
" crease faster than capital, such a proportion
" of those who were born would die: the ratio
" of increase in capital and population would
" then remain the same, and the fall of wages
" would proceed no further. That population
" *has* a tendency to increase faster than, in
" most places, capital has actually increased,
" is proved incontestably, by the condition of
" the population in most parts of the globe. In
" almost all countries, the condition of the
" great body of the people is poor and misera-
" ble. This would have been impossible, if
" capital had increased faster than population.
" In that case wages must have risen, and
" higher wages would have placed the labourer
" above the miseries of want.

" This general misery of mankind is a fact
" which can be accounted for, upon one of two
" suppositions: either that there is a natural

"tendency in population to increase faster than "capital, or that capital has, by some means, "been prevented from increasing so fast as it "has a tendency to increase. This, therefore, "is an enquiry of the highest importance."

As the result of that enquiry Mr. Mill decides the second alternative in the negative, and consequently conceives himself to have established the former, namely, that there is a natural tendency in population to increase faster than capital.

I have nothing to do at present with those portions of capital which consist of the materials and implements of labour. That they *have* increased far more than in proportion to the increase of population, is almost too obvious for remark. My present subject is the relative increase of *subsistence.* A subject on which Mr. M'Culloch, and Mr. Mill, and I think also Mr. Malthus, coincide.

If the present state of the world, compared with its state at our earliest records, be one of relative prosperity, Mr. Mill's reasoning is unan-

swerable. If its means of subsistence continue to bear the same proportion to the number of its inhabitants, it is clear that the increase of subsistence and of numbers has been equal. If its means of subsistence have increased much more than the number of its inhabitants, it is clear not only that Mr. Mill's proposition is false, but that the contrary proposition is true; and that the means of subsistence have a natural tendency to increase faster than population.

Now, what is the picture presented by the earliest records of those nations which are now civilized? or, which is the same, what is now the state of savage nations? A state of habitual poverty and occasional famine. A scanty population, but still scantier means of subsistence. Admitting, and it must be admitted, that in almost all countries the condition of the great body of the people is poor and miserable; yet as poverty and misery were their original inheritance, what inference can we draw from the continuance of their misery

as to the tendency of their numbers to increase more rapidly than their wealth?

But if a single country can be found in which there is now less poverty than is universal in a savage state, it must be true, that under the circumstances in which that country has been placed, the means of subsistence have a greater tendency to increase than the population.

Now this is the case in *every* civilized country. Even Ireland, the country most likely to afford an instance of what Mr. Mill supposes to be the natural course of things, poor and populous as she is, suffers less from want with her eight millions of people, than when her only inhabitants were a few septs of hunters and fishers. In our early history, famines, and pestilences the consequences of famine, constantly recur. At present, though our numbers are trebled or quadrupled, they are unheard of.

The United States of America afford the best ascertained instance of great and conti-

nued increase of numbers. They have afforded a field in which the powers of population have been allowed to exhaust their energy; but though exerted to their utmost they have not equalled the progress of subsistence. Whole colonies of the first settlers perished from absolute want; their successors struggled long against hardship and privation; but every increase of their numbers seems to have been accompanied or preceded by increased means of support.

If it be conceded, that there exists in the human race a natural tendency to rise from barbarism to civilization, and that the means of subsistence are proportionally more abundant in a civilized than in a savage state, and neither of these propositions can be denied, it must follow that there is a natural tendency in subsistence to increase in a greater ratio than population.

But, although Mr. Malthus has perhaps fallen into the exaggeration which is natural

to a discoverer, his error, if it be one, does not affect the practical conclusions which place him, as a benefactor to mankind, on a level with Adam Smith. Whether, in the absence of disturbing causes, it be the tendency of subsistence or of population to advance with greater rapidity, is a question of slight importance, if it be acknowledged that human happiness or misery depend principally on their relative advance, and that there are causes, and causes within human control, by which that advance can be regulated.

These are propositions which Mr. Malthus has established by facts and reasonings, which, opposed as they were to long-rooted prejudice, and assailed by every species of sophistry and clamour, are now so generally admitted, that they have become rather matter of allusion than of formal statement. To explain what are the causes of the relative increase of subsistence and population is the principal object of the practical branch of political economy,

and the practical and theoretic branches are so interwoven, that my view of those causes is necessarily dispersed throughout my Lectures.

I will only say at present that knowledge, security of property, freedom of internal and external exchange, and equal admissibility to rank and power, are the principal causes which at the same time promote the increase of subsistence, and by elevating the character of the people, lead them to keep at a slower rate the increase of their numbers. And that restrictions on exchange and commerce, artificial barriers excluding the great majority of the community from the chance of social eminence, and, above all, ignorance and insecurity of person or property, are the general causes which both diminish the productiveness of labour, and tend to produce that brutish state of improvidence in which the power of increase, unchecked by prudence, is always struggling to pass the limits of subsistence, and is kept down only by vice and misery. I use the expression *general* causes, to exclude those

causes which, being peculiar to certain nations, require separate consideration. Such are the superstitious desire of offspring in China, the political motives to create freeholders in Ireland, and certain parts of the poor laws in England. But omitting these details, it may be generally stated, that all that degrades the character, or diminishes the productive power of a people, tends to diminish the proportion of subsistence to population, and *vice versa*. And, consequently, that a population increasing more rapidly than the means of subsistence is, generally speaking, a symptom of misgovernment indicating deeper-seated evils, of which it is only one of the results.

APPENDIX.

APPENDIX.

Lincoln's Inn,
March 15, 1829.

MY DEAR SIR,

YOU perceive that I have used your kind permission to lay before you my Lectures on Population.

One of the principal objects of the Statute requiring from the Professor of Political Economy an annual publication, must have been that the public might know the sort of doctrines inculcated at Oxford. I have thought it my duty, therefore, to publish them without alteration. Under other circumstances, I should have made some change in the language in which I have attempted to represent

your opinion. They were written, and indeed delivered, before I had had the advantage of conversing with you on the subject of Population; and I was misled by your use of the word "*tendency*." I supposed you to believe, that the desire of marriage, which tends to increase Population, is a stronger principle, or, in other words, a principle more efficacious in its results than the desire of bettering our condition, which tends to increase subsistence; and, consequently, that in an old country, with a people so fully supplied with necessaries as to make it possible for population to increase in a greater ratio than food, such an increase would, in the absence of disturbing causes, be a more probable event than the opposite event; namely, than an increase of subsistence in a greater ratio than that of population. I believe that I was led into this error principally by the conduct of all those writers who, since the appearance of your work, have written on Population. The multitudes who have followed, and the few who

have endeavoured to oppose you, have all assumed this to be your opinion. And yet when I recur to your writings, I see how inconsistent it is with your uniform statement, that the pressure of population upon subsistence is almost always the most severe in the rudest states of society, where the population is the least dense, and the means of procuring subsistence, supposing they were employed, would be the greatest in proportion to that population.

As the subject is of the utmost importance, I will venture to state, for your correction, my present impression as to your doctrine. I conceive you to hold, that an increase of population in a greater ratio than that of subsistence, is a probable event only under peculiar circumstances. Such as those of America, where the knowledge of an old people has, for a considerable time, been applied to a continent previously almost unoccupied; or those of France, when the confiscation of the greater part of the land operated like an agrarian law, and

the conscription falling on bachelors only, made early marriage a precaution instead of an improvidence. But that in an old country, under wise institutions, in the absence, in short, of disturbing causes, though population is likely to increase, subsistence is likely to increase still faster. In short, that the condition of a people so circumstanced is more likely to be improved than to be deteriorated. If I am right in this view, the only difference between us is one of nomenclature. You would still say, that in the absence of disturbing causes, population has a *tendency* to increase faster than food, because the comparative increase of the former is a mere compliance with our natural wishes, the comparative increase of the latter is all effort and self-denial. I should still say, that, in the absence of disturbing causes, food has a tendency to increase faster than population, because, in fact, it has generally done so, and because I consider the desire of bettering our condition as natural a wish as the desire of marriage.

After all, if I rightly understand you, the difference between us is almost entirely verbal. As to the facts of the case we are agreed. And we agree too in believing, that an increase of population in a greater proportion than that of food so far from being, as before the appearance of your Work it was supposed to be, a remote evil, to occur only when the world shall be a garden, is a danger constantly besetting human society in every stage of social existence, and much the most so in the rudest stages, and warded off only by constant exertion and constant self-denial; and that the rate at which capital can be made to increase faster than population, or, in other words, the rate at which social improvement can proceed, principally depends upon the amount of that exertion and self-denial.

Believe me, my dear Sir,

Yours very sincerely,

NASSAU WILLIAM SENIOR.

REV. T. R. MALTHUS.

East India College,
March 23, 1829.

MY DEAR SIR,

I AM much obliged to you for giving me the opportunity of seeing your Lectures on Population, which I have read with great interest.

The difference between us, as you justly observe, is chiefly verbal; though there is still some difference remaining as to facts.

To begin with the verbal difference. I was certainly not aware, that in saying that population had a *tendency* to increase faster than food, I should be considered as denying that it might practically at times increase slower. If I had looked forward to such an interpretation, I should certainly not have used the expression; because, as you remark, there are numerous passages

in my work, in which I state, that the pressure of population upon food is often the most severe in the rudest stages of society, where the population is the least dense. The meaning which I intended to convey by the expression to which you object was, that population was always ready, and inclined, to increase faster than food, if the checks which repressed it were removed; and that though these checks might be such, as to prevent population from advancing upon subsistence, or even to keep it at a greater distance behind; yet, that whether population were *actually* increasing faster than food, or food faster than population, it was true that, except in new colonies, favourably circumstanced, population was always pressing against food, and was always ready to start off at a faster rate than that at which the food was actually increasing.

This constant pressure of population against food, which I have always considered as the essence of the principle which I endeavoured to explain in my work, appeared to me to be

distinctly proved by the universally acknowledged fact, that whenever improvements in agriculture, or the effects of some destructive plague, loosened the restraints which kept down the population, it made a start forward at a greater rate than usual; and that further, notwithstanding the operation of the desire of bettering our condition, there were the strongest reasons to believe that the pressure in question occasioned premature mortality in every old country with which we were acquainted.

The cause of this pressure, I thought, might be described by saying, that the human race had a *tendency* to increase faster than food; and I own it appears to me, that in this position, which it was the great object of my work to prove, not only is the term *tendency* applied in its most natural and ordinary sense; but it conveys a more instructive and useful meaning than the one which you would substitute for it, namely, that food has a *tendency* to increase faster than population; a position which, without further explanation, seems to

convey an incorrect impression of the laws which regulate the increase of the human race.

Your reasons for adopting this position are, first, because you consider it as a fact, that population *has* generally so increased; and, secondly, because you consider the desire of bettering our condition to be as natural a wish as the desire of marriage. Your first reason rests upon the assumption of a fact, which by no means admits of being stated so generally as you have stated it, as will be shown presently; and it is obvious, that a partial relief from a pressure does not imply that a tendency to press is overcome. In regard to your second reason, it appears to me that the desire of bettering our condition, as far as it affects the direct increase of food, is perfectly feeble, compared with the tendency of population to increase. The most intense desire of bettering our condition, can do nothing towards making food permanently increase, at the rate at which population is always ready to increase; and, in

fact, this desire, in reference to the increase of food, operates in a very trifling degree upon the great mass of the labouring classes. They are not the persons who accumulate farming capital, and employ it in agricultural improvements, and the increase of subsistence. In this respect they are almost entirely passive. In another respect, indeed, they are most powerful. Though they cannot much accelerate the increase of food, they are the only body of people who can essentially retard the increase of population. But as this cannot be effected without restraint and self-denial, to which there is certainly a much less *tendency* than to marriage, the practical result is such as might be expected, namely, that although this restraint and self-denial may prevent more misery and vice at one period than at another; though they are often more efficient in civilized and populous countries, than in ignorant and thinly peopled countries; and though we may hope that they will become still more efficient as knowledge advances, yet as far as we can judge

from history, there never has been a period of any considerable length, when premature mortality and vice, specifically arising from the pressure of population against food, has not prevailed to a considerable extent; nor, admitting the possibility, or even the probability of these evils being diminished, is there any rational prospect of a near approach to their entire removal.

In all countries, and at all times, the food wages of labour must be determined by the demand and supply of labour compared with the demand and supply of food. In no old country that I have yet heard of, have the wages of labour, so determined, been for any length of time such as to maintain with ease the largest families. Consequently, in all old states there will always be a constant pressure specifically arising from the tendency of food to increase not being so great as the tendency of population to increase.

And this brings me to our difference in regard to facts. Taking your own application of the term *tendency*, which I cannot think the most natural one, I am compelled to say that

both in your present impression of my doctrine, as given in your letter, and when you state as a fact, that food *has* generally increased faster than population, I am unable to go along with you. If food had increased faster than population, would the earth have been overspread with people since the flood? Would the great migrations and movements of nations of which we read have ever taken place? Would the shepherds of Asia have been engaged in such a constant struggle for room and food? Would the northern nations have ever overrun the Roman empire of the west? Would the civilized Greeks have been obliged to send out numerous colonies? Would these colonies have increased with great rapidity for a certain period, and then have become comparatively stationary? Would history, in short, have been at all what it is?

America is by no means the only instance of the knowledge of an old state being applied to the comparatively unoccupied land of a new one. And in all instances of this kind, where

the food has once been abundant, an actual increase of population faster than food is not only probable, but absolutely certain. In fact, such countries never could be well peopled, if this did not take place.

In old states, the relative increase of population and food has always been found to be practically very variable. It is no doubt true that, in every stage of society, there have been some nations, where, from ignorance and want of foresight, the labouring classes have lived very miserably, and both the food and population have been nearly stationary long before the resources of the soil had approached towards exhaustion. Of these nations, it might safely have been predicted, that in the progress of civilization and improvement, a period would occur when food would increase faster than population. On the other hand, if, from favourable circumstances at any time, the people of a country were very abundantly supplied, it might as safely be predicted that, in their progress towards a full population, a period would occur

when population would increase faster than food. It is absolutely necessary, therefore, to know the actual condition in which a people is living, in regard to subsistence, before we can say whether food or population is likely to increase the fastest. And this condition is certainly not determined exclusively by the state of civilization and population; but is very different in the same nation at different times; and sometimes food is comparatively more abundant at an early period, and sometimes at a later period. Taking only the last five or six hundred years in Europe, it may be remarked, that the States of this more improved part of the world have been exposed to great losses of people by plague, pestilence, famine, and war; and invariably after these losses, population has increased faster than food. In this country, for sixty years during the latter half of the fifteenth century, and the early part of the sixteenth, the labourer appears to have earned nearly two pecks of wheat a-day. At the end of the sixteenth century, he did not

earn so much as three-fourths of a peck. During the sixteenth century, therefore, population must practically have increased much faster than food. From 1720 to 1750 the labourer earned about a full peck of wheat a-day. Since that period, I believe, he has never for five years together earned so much as a peck, hardly, indeed, so much as five-sixths of a peck. Notwithstanding the poverty and misery of Ireland at an early period, I am strongly disposed to believe, that about the time when Arthur Young made his tour in that country (1776 and 1778) food was decidedly more abundant than it has been of late years. With regard to what may be called the present state of the nations of the Continent, many of them seem to have increased their food very rapidly since the revolutionary war; and this increase has been followed by so very rapid an increase of population, that it seems quite impossible it should continue. There is some reason, indeed, to think from the accounts of Mr. Jacob, that population is

now increasing faster than food. It appears, then, that it cannot safely be assumed as a fact, that food *has* generally increased faster than population.

If the population of Great Britain were to go on increasing for two hundred years at the rate at which it increased during the twenty years between the census of 1800 and that of 1820, it would be sixteen times as great as at present. It is not easy to believe that this is possible. A retardation in the rate of increase seems to be absolutely inevitable. And the question is, whether we are entitled from past experience to expect that this will take place without some diminution of corn wages, and some increased difficulty of maintaining a family. At all events, it is quite certain, that no desire, however great, of increasing our subsistence can keep us out of the reach of the most miserable poverty, if we do not, at the same time, exercise the more efficient power we possess of restraining the progress of population by prudential habits.

The rate at which social improvement proceeds, does not depend exclusively upon the rate at which subsistence can be made to increase faster than population. I look forward to the possibility, and even the probability of the labouring classes of society being altogether in a better situation than they are now, when the means of a further increase of food shall be nearly exhausted, and both subsistence and population shall have come nearly to a stand. But, it is obvious, that if this improvement should be accomplished, it cannot be by exertions to increase food, but by the moral restraint which will diminish the misery and vice constantly occasioned by the tendency of population to press against subsistence. Consequently, in discussing our future prospects of social improvement, it cannot but lead to error, to lay down positions calculated to direct the attention towards means which must of necessity be inefficient, while the nature of the difficulty to be contended with, and the only efficient means of contending

with it successfully, and of improving the condition of society, are kept in the back ground. Your position, that food has a tendency to increase faster than population, appears to me, to be open to this objection, and therefore I cannot approve of it.

I know you will excuse the frankness with which I have stated my opinions. We do not, of course, differ in the ends which we are desirous of promoting; the diminution of misery and vice, and the increase of happiness and virtue. We only differ in the mode of treating the subject. The main part of the question with me, relates to the cause of the continued poverty and misery of the labouring classes of society in all old states. This surely cannot be attributed to the tendency of food to increase faster than population. It may be to the tendency of population to increase faster than food.

Believe me, my dear Sir,

Very truly yours,

T. R. MALTHUS.

N. W. SENIOR, ESQ.

Lincoln's Inn,
March 26, 1829.

MY DEAR SIR,

PRAY accept my sincerest thanks for the reply with which you have honoured my letter, and for the instruction which it has afforded me.

I find, however, that the differences between us, though still I hope not great, are rather greater than I had imagined. I will venture again to intrude on your attention, in the hope of making them still smaller.

First, as to the facts.

I must have expressed myself ill, if I have led you to suppose that I assert any thing like an *universal* increase of the proportion of subsistence to population. When I say that subsistence *has generally* increased in a greater ratio than population, I mean, that if we look back through the history of the whole world,

and compare the state of each country at distinct periods of two hundred or three hundred years, the cases in which food has increased during the preceding period of two hundred or three hundred years, in a greater ratio than population, will be found to be more numerous than those in which population has increased during the preceding period in a greater ratio than food. I admit that this increase has not been steady; it has been subject to the oscillations which you have so well described. The cessation of a civil war, the acquisition of a new and abundant material of food, mechanical inventions, enabling the importation of a considerable supply of food at a less expense of labour than must have been employed to produce it at home, improved modes of cultivation and transport, and the change from a restricted to a free internal corn trade—each of these causes would be sufficient to occasion an immediate increase of food. In this country every one of them has been experienced. As each has begun to act, it has, no doubt,

been followed by an increase of population; an increase which, in many cases, cannot have fully shown itself until some time after the cause increasing the supply of food had been in full operation. Under such circumstances a retrograde movement must have taken place. Still I apprehend that, in the absence of disturbing causes, the retrogression would not be to the point at which food and population relatively stood, before the first improvement took place. I conceive the progress of human society to resemble the children's puzzle of a snail, which we are told every day crawled up the wall four feet and fell back three. If we had always fallen back the whole four, we should still be ill-fed savages, earning a scanty subsistence by the chase. And yet in England we have many disturbing causes. We have the poor laws to increase our numbers, the corn laws to prohibit, under ordinary circumstances, the importation of subsistence, and a commercial code by which the perverse ingenuity of cen-

turies has laboured to fetter and misdirect our industry.

Secondly. As to the accuracy of our respective forms of expression.

I fully admit, that in all old countries, perhaps in all countries whatever, population is always pressing against food; and that the pressure not only prevents the increase which would take place, if it could be removed, but occasions premature mortality. But as society advances in what appears to me to be our *natural* course, for it is the course for which nature has fitted us, this pressure generally, though not universally, diminishes. The proportion of those who now die in England from want, is probably less than it was two hundred years ago; it certainly is less than it was six hundred years ago. I still think myself, therefore, justified in saying, that there is a tendency in the pressure to diminish. I admit that human nature tends to marriage directly, and to the increase of subsistence only indirectly, and through the intervention of fore-

thought. It may be said that, strictly speaking, man has no natural tendency to *produce food, or to better his condition,* but to *consume food,* and *to have his condition bettered,* and, through the intervention of reason, to the accomplishment of these results. But reason, in some degree or other, is as natural to man as passion. On this ground I speak of man as a rational animal, as having a tendency towards the ends, which he pursues through the intervention of forethought, as well as towards those which he pursues at the dictates of passion. In this sense I speak of any people as having a desire to increase their subsistence, (for that is what I mean when I speak of the tendency of subsistence to increase,) stronger than the desire which leads them to increase their numbers.

The third, and by far the most important question, is the effect which your mode, or my mode, of stating the law of population, is likely to produce on the reader's mind.

I fully agree with you, that a statement

which should imply that the increase of food can, in the absence of constant vigilance, restraint, and self-denial, exceed or even keep pace with that of population, would lead to the most mischievous error. I am grateful to you for having drawn my attention to the possibility of such a consequence being inferred from my expressions, and I certainly shall take care to prevent it for the future. I do not think that any thing which I have said would lead an attentive reader to such a conclusion; but after all the number of attentive readers is so small, that no writer is justified in neglecting the idle and the careless.

But while I admit that false and dangerous inferences may be drawn from the naked and unexplained proposition that food has a tendency to increase faster than population, I must add that inferences as false and as dangerous may be drawn, and in fact have been drawn, from the proposition that population has a tendency to increase faster than food. Nothing can be more accurate than your statement, "that

population is always ready and inclined to increase faster than food, *if the checks which repress it are removed.*" But many, perhaps the majority of your readers, adopt the proposition without the qualification. They seem to believe that the expansive power of population is a source of evil incapable not only of being subdued, but even of being mitigated. They consider man not as he is, but as he would be if he had neither forethought nor ambition; neither the wish to rise, nor the fear to sink, in society. They deny the possibility of permanent improvement, and regard every partial amelioration as a mere Sisyphæan labour.

Α'λλ' ὅτε μέλλοι
ἄκρον ὑπερβαλέειν, τότ ἀποστρέψασκε κραταιίς.

"Were the whole mass of human suste-
"nance," observes a distinguished writer, "pro-
" duced by the soil now under cultivation to be
" increased twofold by the efforts of human in-

"genuity and industry, we may assert, as an "undoubted truth, that the only effect, after "the lapse of a few years, would be found to "have been the multiplication in a like pro-"portion of the number of its occupants, with, "probably at the same time, a far increased "proportion of misery and crime."

No one can doubt the anxiety of the eminent person whom I have quoted, to promote the welfare of mankind; but the tendency of this passage is to damp every attempt to make labour more productive.

Unhappily there are many whom indolence or selfishness, or a turn to despondency, make ready recipients of such a doctrine. It furnishes an easy escape from the trouble or expense implied by every project of improvement. "What use would it be," they ask, "to promote "an extensive emigration? the whole vacuum "would be immediately filled up by the neces-"sary increase of population. Why should we "alter the corn laws? If food were for a time

"more abundant, there would be a proportionate "increase of population, and we should be just "as ill off as before."

There are many also, particularly among those who reason rather with their hearts than their heads, who are unable to assent to these doctrines, and yet believe them to be among the admitted results of political economy. Such persons apply to the whole science the *argumentum ab absurdo*; and instead of enquiring into the accuracy of the reasoning, refuse to examine the premises from which such objectionable conclusions are inferred.

Undoubtedly these opinions are not fair inferences from your work; they are, indeed, directly opposed to the spirit of the greater part of it; but I think they must be considered as having been occasioned by a misconception of your reasonings. They are prevalent now: before the appearance of your writings, they were never hinted at. I trust, however, that, unsupported as they are by your authority, they will gradually wear away; and I anticipate

from their disappearance not merely the extinguishment of an error, but the removal of an obstacle to the diffusion of political knowledge.

Believe me,

My dear Sir,

Yours, very sincerely,

N. W. SENIOR.

REV. T. R. MALTHUS.

East India College,
March 31, 1829.

MY DEAR SIR,

We do not essentially differ as to facts, when they are explained as you have explained them in your last letter. We are also quite agreed that in the capacity of reason and forethought, man is endowed with a power naturally calculated to mitigate the evils occasioned by the pressure of population against food. We are further agreed that, in the progress of society, as education and knowledge

are extended, the probability is, that these evils will practically be mitigated, and the condition of the labouring classes be improved.

But is the passage which you have quoted in your last letter, when taken with the context, essentially inconsistent with these our opinions? It must be allowed, that it is not expressed with sufficient caution. In pronouncing as an undoubted truth, that the *only* effect of doubling the quantity of food in a country, would, after the lapse of a few years, be found to have been the multiplication in a like proportion of the number of its occupants, with probably a far increased proportion of misery and crime, the author has evidently gone too far; but in what appears to me to be the intended conclusion of the passage, I am disposed to agree with him.

The two main propositions which I have endeavoured to prove from history and experience, are, "That population invariably increases "when the means of subsistence increase, unless "prevented by powerful and obvious checks;" and, "That these checks, and the checks which

"which keep the population down to the level "of the means of subsistence, are, moral re- "straint, vice, and misery."

Now I cannot but allow that it is a fair inference from these propositions, that, if in any country means of doubling the quantity of food were suddenly discovered, population would increase with extraordinary rapidity, so as to overtake, or nearly to overtake, the food; and that the permanent condition of the labouring classes would not depend upon such discovery, but exclusively on the question of the final increase of moral restraint, or the moral condition of the population; which I think is nearly the substance of the passage which you have quoted, when taken with the context.

In the same manner I must allow that it follows from my principles, that if by a free trade, corn were obtained much cheaper, and a labouring family could really command a much larger quantity of it, population would unquestionably increase with greater rapidity than before, so as to reduce the increased corn wages; and that

the final condition of the labouring classes would not depend on this change which had taken place in the law, but upon the greater or less prevalence of the moral checks to population after the peculiar stimulus to its increase had subsided; and repeated experience has shown that the facility of obtaining food at one period is not *necessarily* connected with the formation of more general habits of prudence subsequently.

It does not by any means follow from these principles, that we should not use our utmost endeavours to make two ears of wheat grow where one grew before, or to improve our commercial code by freeing it from restraints. An increase of population is in itself a very decided advantage, if it be not accompanied by an increased *proportion* of vice and misery. And the period during which the pressure of population is lightened, though it may not be of long duration, is a period of comparative ease, and ought by no means to be thrown out of our consideration. It is further to be observed, that the experience of such a period may sometimes operate in giving to the labour-

ing classes a taste for such a mode of living as will tend to increase their prudential habits. But it is obvious, that without this latter effect, the pressure of poverty cannot be permanently lessened. And when the principal question is distinctly respecting the *permanent* condition of the great mass of the labouring classes, as in the latter part of my Essay, the interests of that body, which ought to be considered as the main interests of society, imperiously require that we should not call off their attention to the chances of a great increase of food, but endeavour by every proper means to direct their view to the important and unquestionable truth, that they can do much more for themselves than others can do for them, and that the *only* source of an essential and permanent improvement of their condition, is the improvement and right direction of their moral and religious habits.

I am, my dear Sir,

Very truly yours,

T. ROBT. MALTHUS.

N. W. SENIOR, Esq.

Lincoln's Inn,
April 9, 1829.

MY DEAR SIR,

OUR controversy has ended, as I believe few controversies ever terminated before, in mutual agreement. I think, however, that it may be well to close it by a few remarks on the circumstances by which it was occasioned.

It is obvious that the principal causes by which the situation of a people can be improved, are those which occasion the amount of what is provided for their use to be in a greater proportion than before to their numbers. It seems a consequence equally obvious, that the principal means of improvement are those which promote the production of subsistence and prevent a corresponding multiplication of consumers.

But the old doctrine was, that an increase of numbers is necessarily accompanied, not merely by a positive, but by a relative increase of productive power. Density of population was supposed to be the cause and the test of pros-

perity; its increase to be the chief object of our exertions, and depopulation to be a danger constantly besetting us. And statesmen and legislators were urged to stimulate population with as much earnestness, and about as much good sense, as they are now urged to stimulate consumption.

Your work effected a complete revulsion in public opinion. You proved that additional numbers, instead of wealth, may bring poverty. That in civilized countries the evil to be feared is not the diminution, but the undue increase of inhabitants. That population, instead of being a torpid agent, requiring to be goaded by artificial stimulants, is a power almost always stronger than could be desired, and producing, unless restrained by constant prudence and self-denial, the worst forms of misery and vice.

These views are as just as they are important. But they have been caricatured by most of your followers. Because additional numbers *may* bring poverty, it has been supposed that they necessarily *will* do so. Because increased

means of subsistence *may* be followed and neutralized by a proportionate increase in the number of the persons to be subsisted, it has been supposed that such *will* necessarily be the case.

These were the doctrines which I found prevalent when I began my Lectures.

The points of view in which we have respectively considered the subject, have, perhaps, been materially influenced by the state of public opinion at the periods when we began to write. You found the principle of population disregarded, or rather unkown; and justly thinking the prevalent errors most mischievous, you bestowed on them an almost exclusive attention. I found that principle made the stalking-horse of negligence and injustice, the favourite objection to every project for rendering the resources of the country more productive; and it is possible, that in replying to those who appeared to me to exaggerate the probable effects of its powers, and to neglect the benefits to be derived from increased pro-

duction, I may sometimes have undervalued the former, and overrated the latter.

But, in fact, no plan for social improvement can be complete, unless it embrace the means both of increasing production, and of preventing population from making a proportionate advance. The former is to be effected chiefly by the higher orders in society; the latter depends entirely on the lower. As a means of improvement, the latter is, on the whole, the more efficient. It may be acted upon, or neglected by every individual. But, in the present state of public opinion, and of our commercial and fiscal policy, perhaps more good is to be done by insisting on the former. The economist who neglects either, considers only a portion of his subject.

Believe me, my dear Sir,

Yours very truly,

N. W. SENIOR.

REV. T. R. MALTHUS.

LONDON:
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THREE LECTURES

ON

THE COST OF OBTAINING MONEY,

AND ON SOME EFFECTS OF

PRIVATE AND GOVERNMENT PAPER MONEY;

DELIVERED BEFORE THE UNIVERSITY OF OXFORD,

IN TRINITY TERM, 1829.

By NASSAU WILLIAM SENIOR, A.M.

LATE FELLOW OF MAG. COL., PROF. OF POLITICAL ECON.

LONDON:

JOHN MURRAY, ALBEMARLE-STREET.

MDCCCXXX.

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ADVERTISEMENT.

THE statute by which the Professorship of Political Economy was founded, requires the Professor to publish a Lecture every year. In compliance with this requisition, I have selected, from the course delivered in June 1829, the portion which appeared to me least unfit for separate publication. As a fragment it is necessarily imperfect: my apology for presenting it to the Public is, the necessity imposed on me by the statute.

N. W. SENIOR.

Lincoln's Inn,
January 15, 1830.

LECTURE I.

ON THE COST OF OBTAINING MONEY.

THE average annual wages of labour in Hindostan are from one pound to two pounds troy of silver a year. In England they are from nine pounds to fifteen pounds troy. In Upper Canada and the United States of America, they are from twelve pounds troy to twenty pounds. Within the same time the American labourer obtains twelve times, and the English labourer nine times as much silver as the Hindoo.

The difference in the cost of obtaining silver, or, in other words, in the wages of labour in silver, in different countries at the same period has attracted attention, though not perhaps so much as it deserves, and various theories have been proposed to account for it.

It has been attributed to the different degrees of labour requisite to obtain the necessaries of the labourer. In Hindostan it has been said, he requires little clothing or fuel, and subsists on rice, of which he obtains a sufficient quantity with little exertion. But how then do we account for his wages in North America being twenty-five per cent. higher than they are in England, while the labour requisite to obtain necessaries is not much more than half as great in the former country as in the latter? How do we account for the low amount of wages in silver in China, where the labour necessary to obtain necessaries is proverbially great?

It has been attributed to the different densities of population. In Hindostan and in Ireland, it has been said, labourers multiply so rapidly, that the market is overstocked with labour, and the price falls from the increased supply. But if this were an universal rule, as the population of England has doubled in the last seventy or eighty years, wages ought to have fallen, whereas they have doubled or trebled in that interval. They have kept on increasing in North America during

a still greater increase of population. They are, perhaps, twice as high in Holland as in Sweden, though the population of Holland is ten times as dense as that of Sweden.

It has been attributed to the different pressure of taxation: but taxation is nowhere so light as in America, where wages are the highest. It is, probably, heavier in Hindostan than in England, yet wages are nine or ten times as high in England as in Hindostan. So that it might seem that wages are highest where taxation is lowest: but, on the other hand, taxation is lighter in France than in England, yet wages are lower, and lighter in Ireland than in France, yet wages are lower still. It appears, therefore, that there is no necessary connexion between taxation and wages.

It has been attributed to the different rates of profit. The average rate of profit in England is supposed to be about one-tenth, or about eleven per cent. per annum. In Hindostan and America it is higher. We will suppose it to be one-sixth, or twenty per cent. per annum, which is probably far too high an estimate. This difference would account for the labourer, whose wages have been

advanced for a year, receiving nine-tenths of the value of what he produces in England, and only five-sixths in America and Hindostan, or rather is only a different expression of the same fact, but it does not afford even a plausible solution of the present question.

If the difference in wages were solely occasioned by a difference in the rate of profit, whatever is lost by the labourer would be gained by the capitalist, and the aggregate value in silver of a commodity produced by an equal expenditure of wages and profits, or, in my nomenclature, by an equal sum of labour and abstinence, would be every where the same; and in that case, how could both wages and profits be higher in North America than in England?

Taking North America as the standard, and that the value in silver of the produce of a year's labour of one man, his wages having been advanced for a year, is two hundred and eighty ounces of silver, the value in silver in Hindostan and in England, of the produce of a year's labour of one man, his wages having been advanced for a year, would also be two hundred and eighty

ounces, and as the labourer receives only twenty-four ounces of silver in Hindostan, and only one hundred and eighty ounces in England, the Hindoo capitalist must receive, on the sum advanced by him in payment of wages, a profit of more than two hundred and fifty-six ounces, or above one thousand per cent. per annum; and the English capitalist more than one hundred ounces, being more than sixty per cent. per annum, which we know to have no resemblance to the fact. If my statements and suppositions as to the average wages of labour, and the average profits of capital in England, Hindostan, and America be correct, a commodity unaffected by any monopoly produced by the labour of one man for a year, his wages having been advanced for a year, must sell in Hindostan for from one pound two ounces, to two pounds four ounces of silver; that is, for from twelve to twenty-four ounces as the wages of the labour, and from two to four ounces as the profit of the capital employed. In England such a commodity must sell for from about nine pounds nine ounces, to about sixteen pounds three ounces. In America for from fourteen pounds to twenty-three pounds

four ounces. In other words, the same sum of labour and abstinence, or, in other words, the same sacrifice of ease and of immediate enjoyment, obtains in America twenty-three pounds four ounces; in England sixteen pounds three ounces; and in Hindostan two pounds four ounces. And this difference is the phenomenon to which I am calling your attention *.

It has been attributed to the different prices, in silver, of necessaries. Provisions, it is said, are dearer, that is, exchange for more silver in England than in France; therefore, the labourer must receive more silver to enable him to purchase them. But provisions are cheaper in America than in England, and yet the labourer receives much less silver in England than in America. The productiveness of the worst soil cultivated, the period for which capital is advanced, and the rate of profit being given, it is clear that the average price in silver of corn, must depend on the average wages in silver of labour, not the wages of labour on the price of corn. On my hypothesis, that the services of an English la-

* See note at the end.

bourer for a year, his wages having been advanced for a year, are worth about nine pounds nine ounces of silver, the corn produced by him in a year on the worst land, his wages having been advanced for a year, must be worth nine pounds nine ounces of silver, and cannot be permanently worth either more or less. If his wages fall one-half, the rate of profit remaining the same, the corn must be worth four pounds ten ounces and a half. If they double, it must be worth nineteen pounds six ounces. But in all cases, the productiveness of the worst land cultivated, the period for which wages are advanced, and the rate of profit remaining the same, the average amount in silver of wages must regulate the average value in silver of corn, and not the value in silver of corn the amount of wages. To suppose the contrary, is in fact the vulgar error of putting the cart before the horse, or mistaking the effect for the cause. To use Adam Smith's illustration, "It is not "because one man keeps a coach while his neigh- "bour walks a-foot, that the one is rich and the "other is poor; but because the one is rich he

"keeps a coach, and because the other is poor he "walks a-foot."

If the population of England should maintain its present rate of advance; if our numbers should continue to increase at the rate of more than five hundred persons every twenty-four hours, and the absolute prohibition of foreign corn, for which a violent faction is now clamouring, should be conceded, there can be no question that even though wages should not rise, the price of corn would advance. The constantly increasing additional quantity which must be raised to supply an annual addition of fifty thousand families, would be raised at a constantly increasing proportionate expense. According to the theory which I am considering, the wages of the labourer would rise in proportion. For what purpose would they rise? To enable him to consume the same quantity as before, though the whole quantity raised would bear a less proportion than before to the whole number of producers? On such a supposition wages might be ten guineas a day, and corn ten guineas a peck. According to the present administration of our poor-laws,

which allots to each individual a definite quantity of corn, to be given by the landlord as relief when not paid by the employer as wages, the whole amount received by the labourer in the two forms of relief and wages might rise, not indeed ad infinitum, but until it had absorbed the whole amount of rent and tithes,—had converted the landlords and clergy into trustees for the poor. And this is the state of things which, under the united influence of corn laws, even such as they are now, poor laws, and an increasing population, seems gradually approaching. But in the absence of poor laws, what reason would there be for expecting a rise in wages? Because the labourer would want more? But would the labourer's wants give to the capitalist the power or the will to pay him more? Does the Manchester manufacturer pay his fine spinners 30*s.* a week, and his coarse spinners 15*s.* because the fine spinner eats twice as much as the coarse spinner? He pays the fine spinner 30*s.* because the produce of his labour is worth 30*s.*, and a further sum equal to the average profit obtained by a manufacturing capitalist, and because, if he were to offer less, other capitalists would engage

his labourers, and his machinery would stand idle. While the labourer's services are worth 30*s*. he will receive 30*s*., whatever be the price of corn. To suppose the contrary is to consider the labourer not as a free agent, but as a slave or domestic animal, fed not according to his value but his necessities.

All experience shews that in the case which I have been supposing, the labourer's resource would be, not to raise his wages, but to reduce his expenditure. He must first give up his weekly pittance of animal food. He must drink his tea without sugar, and surrender his pipe, and perhaps his beer. He must sink from wheat to rye, or barley, or oatmeal, and from oatmeal to potatoes. He must look on the wheat which he would raise, as he now does on the sheep and cattle that he tends, as a luxury beyond his enjoyment. The price of corn is nearly as high in Ireland as in England; but have the wages of the Irish labourer risen to enable him to consume it? Did the exportation of corn and cattle from Ireland cease even during the rages of famine, and of pestilence occasioned by famine?

The only mode by which I can account for the phenomena which I have been describing is, by supposing that the countries which have the precious metals to dispose of, either as producers, or as having a temporary superfluity at their own current rate of prices, are willing to give more than one-fourth more for the exportable commodities produced by the labour of one North American in a year, assisted by an advance of capital equal in value to his wages for a given period, than for the commodities produced by the labour of one Englishman, and more than ten times as much as for the commodities produced by the labour of one Hindoo, similarly circumstanced. Or in other words, that the diligence and skill with which English labour is applied enables the English labourer to produce in a year exportable commodities equal in value to those produced in a year by eight Hindoos; and that the diligence and skill with which North American labour is applied, inferior as they are perhaps to our own, yet by the assistance of the fertile soil which he cultivates, enable the North American labourer to produce exportable commodities more than one-

fourth more valuable than those produced by the Englishman in a given period, and more than ten times more valuable than those produced by the Hindoo. Or to use a still more concise expression, that labour in England is eight times as productive of exportable commodities as in Hindostan, and labour in North America is one-fourth more productive of exportable commodities than in England.

It is probable that the connexion between the value, in the precious metals, of labour, or, in other words, money wages, and the cost of importing the precious metals, may not appear so clear to many of my hearers as it does to myself. But I would ask those to whom it is not evident, Whether England and France and the other countries which use plate and money, without possessing mines, must not annually import a certain quantity of the precious metals to supply the annual wear of plate and money? Whether they must not obtain this supply directly or indirectly from the countries possessing mines? Whether the average profits of the capitalists who employ labourers to produce the commodities in return for

which this supply is obtained, must not be the same as the average profits of other capitalists in the same country? Whether the gold and silver which these capitalists import are not sent by them to the mint to be coined for their own benefit, or exchanged for gold and silver previously coined? Whether the money thus obtained, after deducting what may be payable as rent, is not divided into two portions, one of which is retained by the capitalists as profit, and the other given to their labourers, as wages? Whether their labourers are likely to receive either more or less than any other labourers in the same country, undergoing equal toils? Whether therefore the wages obtained by the labourers, in return for whose labour the precious metals are imported, do not regulate the wages of all other labourers in the same country? And whether the price, or, in other words, the value in gold and silver of all those commodities which are not the subjects of a monopoly, does not depend, in a country not possessing mines, on the gold and silver which can be obtained by exporting the result of a given quantity of labour the current rate of profit, and, in

each individual case, the amount of the wages which have been paid, and the time for which they have been advanced?

In fact the portableness of the precious metals and the universality of the demand for them render the whole commercial world one country, in which bullion is the money and the inhabitants of each nation form a distinct class of labourers. We know that in the small market of every district the remuneration paid to the producer is in proportion to the value produced. And consequently that if one man can by superior diligence, or superior skill, or by the assistance of a larger capital, or by deferring for a longer time his remuneration, or by any advantage natural or acquired, occasion a more valuable product, he will receive a higher reward. It is thus that a lawyer is better paid than a watchmaker, a watchmaker than a weaver, a first-rate than an ordinary workman. And for the same reason in the general market of the world an Englishman is better paid than a Frenchman, a Frenchman than a Pole, and a Pole than a Hindoo.

It has been shewn in the former Lectures, that

in the mining countries all prices ultimately depend on the cost of producing the precious metals; that though the remuneration paid to the miner is not identical with that received by other producers, yet that it affords the scale by which the remuneration of all other producers is calculated. When once experience has ascertained the comparative advantages and disadvantages of different occupations, they will continue to bear, as to wages, the same proportion to one another. A fall in the cost of producing silver must raise the wages of the miner. If those of the agriculturist were not to rise in proportion, the miner's wages would be more than in proportion to his sacrifices, and they would be reduced by the consequent competition. And on the other hand, mining would be abandoned, if, when the cost of producing silver was increased the wages in other employments could be stationary. The mine worked by England is the general market of the world: the miners are those who produce those commodities by the exportation of which the precious metals are obtained, and the amount of the precious metals, which by a given exertion of

labour, and advance of capital, they can obtain, must afford the scale by which the remuneration of all other producers is calculated.

If this reasoning be correct, and I have in vain sought for a flaw in it, many important consequences must be admitted.

In the first place it follows that the amount of the income in money of each individual depends on the prosperity of our foreign commerce. If the worst land that can be profitably cultivated in England will produce per acre, at an average, two quarters of corn a-year, after deducting what must be reserved for seed, the proprietor of an estate of one hundred acres, producing at an average, after the deduction of seed, four quarters of corn per acre, is entitled to two hundred quarters as his rent. The value in money of those two hundred quarters must be the same as that of the two hundred quarters which the farmer retains and divides between himself and his labourers. The value of those two hundred quarters must be equal to the wages of the labourers after deducting the farmer's profit for having paid those wages in advance. And those wages, though not precisely

the same as the wages of the labourers who produce commodities for exportation, must bear a certain proportion to those wages. If the toils undergone by the manufacturer are supposed to be more severe by one-third than those of the agriculturist, the agricultural labourer will at an average receive just two-thirds of the wages of the manufacturer. If the foreign demand for English manufactures be such as to occasion the manufacturer to receive 15*s.* or about three ounces of silver a week, the agriculturist will receive 10*s.* or about two ounces of silver a week. We will suppose that the farmer in question employs ten labourers, whose wages are advanced for a year before the produce is sold, and that the average rate of profit is one-tenth, or about eleven per cent. per annum. When wages are 10*s.* a week, or 26*l.* a year per labourer, the wages of ten labourers amount to 260*l.* a year; making, with the addition of one-tenth for profits 286*l.*, which must be the average price of the two hundred quarters annually retained by the farmer to pay his profit and his labourers' wages. And as the landlord's two hundred quarters sell for the same

price, his rent must also be 286*l.* a year. But if any improvement in the skill by which English labour is assisted should so raise the value in the foreign market of English manufactures as to raise the wages of manufacturers from 15*s.* to 30*s.* a week, the same effect would be produced as if, in a mining country, the cost of producing silver were diminished by one-half. Though the labour of the agricultural labourer would not become more productive than before, yet *his* wages would also be doubled, or the former proportion founded on the experience of the comparative disadvantages of each occupation would not be preserved. The wages of the labourers employed in raising the two hundred quarters of corn retained by the farmer and his labourers would rise from 260*l.* to 520*l.* a year: the profit on the advance of those wages for a year must rise from 26*l.* to 52*l.*, the price of the two hundred quarters would be 572*l.* instead of 286*l.*; and the price of the landlord's two hundred quarters would of course also rise from 286*l.* to 572*l.*

In the purchase of English labour and of those English commodities in which no improvement

had taken place, the English landlord would find his income unaltered, however raised in nominal amount. But his power of purchasing those English commodities, the production of which had been facilitated, would be increased in proportion to that improvement. In the purchase of foreign labour and foreign commodities, his income would be doubled. He would be able to purchase statues, pictures, and wines, which the proprietor of an equal extent of equally fertile land in the countries producing those commodities could not aspire to. He would be able to travel as a Milor Anglais, and drive the French and Italian aristocracy from the first floor to the garret, or the entresol. Little imagining that the greater part of the value of what he called his patrimony was, in fact, the creation of the chimneys and jennies of his neighbour, the manufacturer.

Such, in fact, were the events which actually occurred in this country during the latter part of the eighteenth and the beginning of the nineteenth century. The inventions of Arkwright and Watt, by making English labour ten times, or more than ten times as efficient in the production of export-

able commodities, doubled, or more than doubled its value in the foreign market, and reduced to one-half, or less than one-half, the cost in England of obtaining the precious metals. It is true that clinging to the restrictions and prohibitions of our commercial code, we have, as yet, refused the greater part of the advantages which Providence seemed to press on our acceptance; but cramped as they are, and always have been, by our perverse legislation, the skill of our manufacturers has, during the last sixty years, more than doubled the rent of land and the income of every class of producers.

It would be a painful task to trace the steps by which the increasing embarrassments of commerce, occasioned partly by our own adherence to the barbarous policy called protection, and partly by the retaliatory follies of other countries, by diminishing the market for English labour, are now gradually lowering its price, increasing the cost of obtaining the precious metals, and reducing the income of every producer, while the public burthens, nominally the same, are, for that very reason, really in a state of constant increase.

It is a lamentable proof of the public ignorance on these subjects, that the general fall of prices, or in other words, the increasing difficulty of obtaining the precious metals, of which every one is sensible, should, by almost every one, be attributed to some cause of almost ridiculous inadequacy. It has been attributed to our return to a metallic currency, as if the subtraction of twenty millions of sovereigns, or less than four hundred thousand pounds troy of gold, from the ten millions of pounds troy of gold bullion, coin, and plate supposed to be in use throughout the world, that is to say, the removal of one-twenty-fifth part, could sensibly affect the value of gold. It has been attributed even to the substitution of gold and silver for the three or four millions of one pound notes lately called in, as if the value of the two thousand millions sterling of gold and silver bullion, coin, and plate, supposed to be in use throughout the world, could be materially affected by the subtraction of less than one-five-hundredth part of it. It has been attributed to over production. We have been told that our agriculturists and manufacturers all produce too much; as if it

were possible that every body could have too much of everything; as if there were a single family that would not like to spend 1000*l.* a year. It has been attributed, which is nearly the same explanation, to the increased use of machinery, as if it were possible that general embarrassment could be the result of the improved efficiency of labour; as if all men would be impoverished if their force and their skill were doubled. It has been attributed even to free trade, as if anything approaching to free trade had ever been conceded; as if free trade were not specifically the cure of the evil of which it is represented as the cause; as if the allowing every man to exert his industry in the mode which he finds, from experience, to be most productive would diminish its value; as if we could increase the incomes of the inhabitants of Manchester, by forcing them to turn their bleaching grounds into corn fields, or those of the neighbouring farmers, by forcing them to weave their own shirts.

We are often told of the artificial state of the country. The vagueness of that expression affords a never-failing refuge to those who are pressed by

reasonings which they want sense to comprehend or candour to admit. In one sense indeed we *are* in an artificial state. We have succeeded in raising to an extraordinary height the value of our industry. We obtain the precious metals at much less than their average cost throughout the world, or even in the most civilized parts of it. This is not only the consequence of a great advantage, of the superior productiveness of our industry, but the cause of many other advantages. It enables us to obtain the products of other countries so far as our legislature allows us to receive them, so far as they are not prohibited on account of their cheapness, not merely at the expense of less labour than it would cost to produce them, but often at the expense of less labour than they cost in the producing countries. While one Englishman can produce calico worth one hundred and fifty ounces of silver in the same time within which five Poles can produce corn worth only one hundred and forty ounces, it must be advantageous to Poland to give for the calico produced by one Englishman the corn produced by five Poles.

It is probable that if public attention had been

earlier drawn to these circumstances, if we had sooner and more anxiously inquired into the causes which have enabled us to obtain the precious metals so much more easily than our neighbours, our national conduct might have been materially altered. We should have found that these causes are not resolvable into any peculiar local advantages, but principally into our comparatively greater and more skilful use of machinery and our better division of labour: and we should have felt that the progressive improvement of our rivals must quickly destroy our superiority if we remain stationary, and diminish it if our advance be less rapid, and that our progress can be maintained or accelerated only by allowing our industry to flow with perfect liberty into the channels in which it is found to be most productive.

Unhappily these inquiries were not made. We appear to have considered the comparative cheapness of the precious metals a permanent gift of nature, as little susceptible of diminution or increase as the warmth of our climate. With more than the rashness of a merchant who in his prosperity should allow his expenses to equal his

profits, we have subjected ourselves to the obligation of perpetual money payments, which we can support only while we continue not merely to outstrip, but to distance the rest of Europe. By encumbering commerce with every sort of vexatious restraint, we have done our best to force our own industry into the channels which are least beneficial, and to force the industry of other nations into those in which their concurrence is most dangerous. By act of Parliament we have converted our customers into our rivals, and then complain of their competition.

Many economists have maintained that no country can be injured by the improvement of her neighbours. If the continent, they say, should be able to manufacture cottons with half the labour which they now cost in England, the consequence would be, that we should be able to import our supply of cottons from Germany or France at a less expense than it costs us to manufacture them, and might employ a portion of our industry now devoted to the manufacture of cottons, in procuring an additional supply of some other commodities. These opinions have such an appearance of

liberality, that I am sorry to dissent from them. But it must be remembered that England and the continent are competitors in the general market of the world. Such an alteration would diminish the cost of obtaining the precious metals on the continent, and increase it in England. The value of continental labour would rise, and the value of English labour would sink. They would ask more money for all those commodities, in the production of which no improvement had taken place, and we should have less to offer for them. We might find it easier to obtain cottons, but we should find it more difficult to import everything else*.

The last remark which occurs to me as connected with the present subject, is one which I somewhat anticipated in my first course†, namely, the absurdity of the opinion that the generally high rate of wages in England unfits us for competition with foreign producers. It is obvious that our power of competing with foreigners depends on the efficiency of our labour, and it has appeared

* This reasoning bears materially on the question as to the exportation of machinery.

† See Lectures on the Mercantile Theory of Wealth, p. 76.

that a high rate of wages is a necessary consequence of that efficiency. It is true, indeed, that if we choose to misemploy a portion of our labourers we must pay them, not according to the value of what they do produce, but according to the value of what they might produce if their labour were properly directed. If I call in a surgeon to cut my hair, I must pay him as a surgeon. So if I employ, in throwing silk, a man who could earn three ounces of silver a week by spinning cotton, I must pay him three ounces of silver a week though he cannot throw more silk than could be thrown in the same time by an Italian whose wages are only an ounce and a half. And it is true, also, that I can be supported in such a waste by nothing but an artificial monopoly, or, in other words, that I shall be under-sold by the Italian in every market from which I cannot exclude him by violence. But do these circumstances justify me in resorting to that violence? Do they justify me in imploring the legislature to direct that violence against my fellow-subjects? If that violence is relaxed, but not discontinued, have I, or has the consumer, the more right to

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situated for foreign commerce, perversely refuse her advantages; or, like Spain, submit to them only when inflicted by the smuggler. The home trade is also, at this instant, the principal trade of Great Britain; but whether necessarily, or naturally so, may be doubted.

As the British islands make but a small portion of the globe, and that portion is remarkably uniform in soil, climate, and produce, it might have been supposed that the market of the whole world would have been more extensive and more varied, than that of England, Ireland, and Scotland. The communication between the eastern and southern coasts of Great Britain, and the western coast of Europe, and that between the western coasts of England, Ireland, and Scotland, and the eastern coast of North America, is more easy than that between most of our counties which are not absolutely contiguous. The freight of a cask of wine from Oporto to London is rather less than the cost of its carriage from London to Oxford. It might have been supposed that the whole of our trade with those regions, so vast, so accessible, and so varied, producing so much that

we want, and wanting so much that we produce, would be at least equal to the whole trade of our different provinces with one another. That it is not so, is to be attributed to war and mischievous legislation; or, in other words, to crime and to folly. From the conquest to the present time, have our legislators laboured to repel the advantages which our situation and our habits have almost forced upon us. In the earlier periods of our history, when our want was of manufactures, parliament accumulated restriction on restriction, and penalty on penalty, until they had at length prohibited the importation of almost every wrought article then in ordinary use. And that exportation, or at least one sort of exportation, might not be destroyed by the absence of importation, they taxed the whole community to raise annually sums which, even now, would be called large, to pay a bounty to exporters of corn; or, in other words, to pay, on the behalf of the foreign purchaser, a part of the price which he was prohibited from paying in the mode most advantageous to us and to himself. A conduct, of which the curious absurdity could be paralleled only by that of a

nation which should, at the same time, prohibit the importation of subsistence, and endeavour to raise funds to aid the emigration of its inhabitants.

After centuries of legislation and poverty, the reformation, the revolution, and the inventions of a few gifted individuals, raised us almost suddenly to be the greatest manufacturers in the world; and, with our increasing population and prosperity, the price of corn rose until our former situation was reversed: we became exporters of manufactures, and importers of raw produce. With perverse ingenuity, measures were adopted to meet this alteration in our circumstances. Because it became profitable to import corn, its importation was prohibited; because we were supposed not to be in want of manufactures, their importation was allowed. It is of great importance, as a part of the history of human folly, to mark that these *are* the grounds on which the public is generally called upon to approve of the commercial legislation of the last fifteen years. The ground on which the present limited admission of French silks (to take a single instance) is

generally defended, is, that our silk manufacturers can undersell or at least compete with the foreign producers. Those who oppose Mr. Huskisson's measures always expatiate on the quantity that we import, and the low price at which it may be obtained: those who defend them maintain that the quantity imported is trifling, and cannot be obtained at a less price than it could be produced at home. In other words, the measure is defended as useless, and opposed as beneficial. With similar perversity, those who defend the corn laws try to shew that wheat may be obtained from abroad at 30*s*. a quarter, while those who oppose those laws endeavour to prove that it could not be imported at less than 52*s*.

It is not enough to say that our barbarous policy deprives us of many of the advantages offered to us by nature; in many cases it turns her bounties into positive evils. There are scarcely any articles of raw, or slightly manufactured produce, of which the price in England does not exceed the average price throughout Europe, except those articles which our soil and our climate do not enable us to produce at home.

If coffee or sugar were of English growth, we should soon have coffee laws and sugar laws, and must submit to hear them defended on the ground that the low taxation and superior fertility of other countries make it necessary to protect the domestic producer against foreign competition. This seems to be the circumstance which makes the public submit so quietly to the apparently strange law which prohibits the growth of tobacco in the British islands. It seems felt that our only chance of obtaining that commodity on fair terms is absolutely to prohibit the owners of our own soil from having anything to do with it. That, under these circumstances, our home trade far exceeds our foreign trade is true; but it is true only in consequence of laws introduced and perpetuated by the prejudices of some, the avowed and arrogant selfishness of others, and the ignorant supineness of almost all. *Is habitus animorum fuit, ut pessimum facinus auderent pauci, plures vellent, omnes paterentur.*

LECTURE II.

ON SOME EFFECTS OF PAPER MONEY.

In the last lecture, I considered the effects produced on the value of money in any country by the skill and diligence with which the labour of that country is applied. These effects are gradual and permanent. In this and the following lecture, I shall consider some of the effects produced on the value of money in any country by the use or disuse of the substitutes for money. These effects are sudden but transitory.

If a country should suddenly adopt, to a considerable extent, any substitute for money; if, for instance, England, having previously prohibited the issue of notes for small sums payable to bearer, should suddenly legalise them, and notes equal in value to one-third of the former metallic

currency, which we will suppose to have been of the value of forty-five millions sterling, should be issued, either the issuers must, at the same time that they issue their notes, export the money received in exchange for them, or both the notes and money must circulate together. If the first mode were adopted, it is obvious that the real exchange must be against England, in almost every quarter, until the export of money had ceased. We should for a time be in the situation of a mining country, and as neither the productiveness of our labour nor the amount of our currency would be altered, the consequences would be that some foreign commodities would be more abundant during the continuance of the increased importation;—that our capital would be increased by that portion of them which would be reproductively employed,—and that we should be able to turn to other purposes some of the labour and capital formerly employed in supplying the wear of fifteen millions of specie—a saving perhaps of 150,000*l.* a year. These consequences would be beneficial.

But unfortunately the business would be very

differently conducted. The issuers of notes are seldom persons engaged in foreign commerce, and they seldom issue them in immediate exchange for money. Notes are generally advanced as loans, repayable, at the earliest, in two or three months, and often in not less than two or three years. In the case which I have put, the coin and the notes would at first probably circulate together. All prices would rise, and they would rise not merely to the extent of the excess of money, but to the spirit of speculation which such an excess would create. While the rise of prices was going on, all purchases made for the purposes of resale would be advantageous. Great profits would be obtained, and still greater ones expected, and every man possessed of money or credit would be eager only to become a purchaser, feeling no doubt of his gains as a seller. Such circumstances would obviously check our exports and increase our imports. It would become profitable in England to import many things which, when foreign and English prices bore their former relation, would not bear the expenses of transport; it would no longer suit foreigners to

import from England many things which were importable at our former prices.

The necessary consequences would be a generally unfavourable exchange, and an export of money. As long as the issue of notes continued to exceed the export of money, prices would continue to rise, and the apparent prosperity would go on increasing. And, if we could suppose both the issuers and the takers of notes utterly ignorant or regardless of the consequences of what was going on, the issue might continue until the last piece of metallic money had been exported. The crash would then be instantaneous: as prices would then be at their height, so would be the profits on the exportation of money. Those holders of notes who were sending money abroad, would call on the issuers of notes for payment in money; and there being no money in the country, every issuer of notes must stop payment. No more notes could be issued, and the existing ones would lose their value. The country would be without money, and without the principal substitute for money, credit. There would, at first, be no such thing as price, but exchanges would be

performed by barter; and we may be sure that the discomfort and insecurity of a state of barter would create an intense desire for money. The holders of exportable goods would be eager to send them off. The holders of bills on foreign countries would require their remittances to be made in money. Importation would of course be suspended, and the exchange would be in our favour with all the world. Money would come in from all quarters, though, for several reasons, less rapidly than it went out.

In the first place, the competition of our exporting merchants would sink the prices of our commodities abroad; and secondly, the waste and misapplication of capital, during the previous period of prosperity and speculation, the difficulty of obtaining supplies of foreign materials from abroad during our subsequent adversity, and the interruption of that division of labour which is founded on a general system of credit, would probably much diminish the productiveness of our labour.

The last circumstance, by diminishing the value of English labour in the general market of the world, would keep down, while it lasted, all our

money prices; and it may be supposed, therefore, that the same amount of money as circulated before the issue of the notes took place would not now be necessary. But, during the absence of credit, money would be the only substitute for barter. The exchanges in which it would be necessary would be far more numerous, and its circulation far less rapid. If forty-five millions sterling were necessary before, it is probable, that, after such a panic as must have been created by the events which I have supposed, ninety millions would not be enough even to keep up prices at three-fourths of their former amount.

It is impossible, however, that such a state of things should occur,—that a whole country should at once find itself drained of all its money, unless the imprudence of individuals were heightened by the still greater imprudence of government. In the first place, no banker issues notes without making some reserve of metallic money to meet them. Even if the shock were unforeseen, and the discredit of all the notes simultaneous, there would be some money in the country to meet it. And in the second place, the shock could not be unfore-

seen, nor the discredit universal or simultaneous. The credit, the prudence, and the wealth of the issuers of notes must be of every different degree. In such a country as England, there are some bankers whom no individual would trust with five hundred pounds, and who might be reduced to insolvency by an unexpected demand for one thousand pounds, and others, who at a day's notice could draw hundreds of thousands from their own resources, and obtain millions from their connexions. There are some who move in the track which experience has shewn to be safe, with the impassive regularity of mechanism; and others, who, when extraordinary gain is suggested to them, seem not only willing to encounter chances, but to be deprived of the power of calculating them.

It is impossible that the rise of prices and extension of speculation, which I have supposed, could continue long, before accident or imprudence should expose some establishments to a demand for money, which they would be unable to answer; a general feeling of distrust would follow, and would cause a simultaneous demand

of money for notes, or, to use a word which the unhappy experience of the year 1825 has rendered familiar, a "run," upon all those establishments whose character for riches did not place their solvency above suspicion; at first, indeed, an indiscriminate run upon all. The first effect of this would be to bring out the reserves of money: the second would be the failure of many establishments, and the discredit of their notes; but many would probably stand it, and suffer scarcely a momentary interruption of their credit and circulation. Prices certainly would fall, the exchange would turn in our favour, money would come in, thousands would be ruined irretrievably, and years might be necessary to restore the country to its former state of settled prosperity; but all these effects would be produced in a lower degree than in the extreme instance with which I set out.

It will be observed, that I have allowed nothing for the general fall in the value of the precious metals throughout the world, which might be expected to arise from the additional supply afforded by the disuse of metallic money in a single coun-

try. Some effect of this kind would be produced, but it would be so slight, that it may safely be disregarded.

The whole amount of the precious metals throughout the world, in bullion, coin, and plate, has been supposed to be of the value of about two thousand millions sterling. The whole metallic currency of Great Britain and Ireland is not supposed to exceed thirty millions; it is subject to much variation, but I believe it to be usually less. Even if we were to export our last sovereign, and our last shilling, how trifling would be the effect in the general market of the world, of an addition of thirty millions to two thousand!

The power of individuals, therefore, to affect the currency of a country is limited—that of a government is not so.

Suppose that, at the commencement of the panic imagined in my last instance, government had taken one banking company under its protection — had forbidden it to pay its notes in coin or in any other equivalent—had permitted it to issue, and continue to issue, fresh

notes to any amount—had directed that its notes should be received in all payments to government, and in private transactions, as of equal value with the money which they professed to promise to pay, and had prohibited the exchange of coined gold and silver, for more than an equal nominal amount in notes,—

It would be in the power of the banking company in question, by lending to the different banks of the country a sufficient number of its own notes, notes which would cost merely the expense of making and stamping paper, to relieve the difficulties of those which were tottering—to fill the void of those which had fallen, and to enable all those which had still a reserve of metallic money to make use of it, keeping the notes of the favoured bank in its room. And it would also be in its power, by still further increasing its issues, either by way of loan, or by dividing them as profits between its own partners, to keep up the high prices, and the unfavourable exchange, until the last piece of coined gold or silver had quitted the kingdom.

It would be in its power, by still further increas-

ing its issue, to raise prices as estimated in its paper to any scale it thought fit. It would also be in its power, by diminishing its issues, to sink them to any point not lower than the metallic prices of foreign countries. It could not sink bread to a farthing a quartern loaf, but it would be able to raise it to a hundred pounds.

The real par of exchange between England and foreign countries would be at an end. English paper money, having neither intrinsic utility nor ascertainable limitation of supply, would be incapable of export. It still, however, must be used as a medium of exchange, and as an expression of value even in international transactions. The French exporter of wine to England must, in the first instance, sell his wine for a certain quantity of English notes of a given denomination. These notes, as he could not export them, he must again exchange for some other commodity in England; and his profit, or loss, would depend on the comparative values in France of that commodity, and of his wine, after deducting the expenses of carriage. We have already seen that no commodities are so permanent in their value, so uni-

form in their quality, or so easy of transport, as gold and silver. The quantity of gold or silver which they could purchase would unquestionably be the standard by which he would estimate the value of the English notes which he received for his wine. This gold and silver would of course be in an uncoined state, or, in commercial language, bullion. If five French Napoleons and four English sovereigns, while English sovereigns existed, had each contained the same quantity, say an ounce, of gold bullion, the real par of exchange between England and France would of course have been five Napoleons for four sovereigns. If four English notes, professing to promise to pay four sovereigns, would purchase in England only half an ounce of gold bullion, the nominal exchange would be fifty per cent. against England, or, in other words, a bill in France on England for eight hundred sovereigns, which, if payable in coin, would have sold in France for one thousand Napoleons, would sell for only five hundred. And a bill in England on France, which would have sold for four hundred coined sovereigns, would sell for eight hundred pounds

payable in notes. And supposing the transactions between England and France equal in amount, they would be adjusted by the exchange of bills at this rate of exchange.

If, however, the exports from England to France should exceed the value of the imports—if, for instance, the French had to pay us five thousand Napoleons, and we had to pay them notes to the nominal value of four thousand sovereigns, bills for two thousand five hundred Napoleons would be capable of discharging the whole English debt. In that case, the remaining two thousand five hundred must be sent from France in gold; and as all the English creditors would be anxious to avoid the expense of transporting the gold, they would be willing to purchase French bills on England, which would entitle them to obtain payment from their own countrymen, at the rate of something more than eight sovereigns for five Napoleons. Instead of being fifty per cent. against England, the nominal exchange might therefore, for a time, be only forty-eight or forty-nine per cent. against England.

And, by reversing the facts, we may suppose

it fifty-one or fifty-two; fifty being always the central point to which it would tend, while the quantity of bullion contained in a Napoleon, and that purchasable with an English note, for a sovereign, continued to bear the same proportion to one another.

It may, however, be supposed that we should have no bullion. While the exportation of our coin was going on, we certainly should have none, as it could not be our interest at the same time to import bullion and export coin. But before our export of coin began, we must have been in the habit of importing from the mining countries a certain quantity of bullion, to supply the wear of coin and plate. After our export of coin had ceased, we could have no difficulty in renewing that intercourse. The bullion trade, as it is essentially a trade of barter, would probably be the least disturbed of all our foreign commercial relations. There would still be the same demand for English commodities in the mining countries, and the same supply of gold and silver offered in exchange for them. To a very slight degree indeed, we should probably obtain bullion on better terms than be-

performed by barter; and we may be sure that the discomfort and insecurity of a state of barter would create an intense desire for money. The holders of exportable goods would be eager to send them off. The holders of bills on foreign countries would require their remittances to be made in money. Importation would of course be suspended, and the exchange would be in our favour with all the world. Money would come in from all quarters, though, for several reasons, less rapidly than it went out.

In the first place, the competition of our exporting merchants would sink the prices of our commodities abroad; and secondly, the waste and misapplication of capital, during the previous period of prosperity and speculation, the difficulty of obtaining supplies of foreign materials from abroad during our subsequent adversity, and the interruption of that division of labour which is founded on a general system of credit, would probably much diminish the productiveness of our labour.

The last circumstance, by diminishing the value of English labour in the general market of the world, would keep down, while it lasted, all our

money prices; and it may be supposed, therefore, that the same amount of money as circulated before the issue of the notes took place would not now be necessary. But, during the absence of credit, money would be the only substitute for barter. The exchanges in which it would be necessary would be far more numerous, and its circulation far less rapid. If forty-five millions sterling were necessary before, it is probable, that, after such a panic as must have been created by the events which I have supposed, ninety millions would not be enough even to keep up prices at three-fourths of their former amount.

It is impossible, however, that such a state of things should occur,—that a whole country should at once find itself drained of all its money, unless the imprudence of individuals were heightened by the still greater imprudence of government. In the first place, no banker issues notes without making some reserve of metallic money to meet them. Even if the shock were unforeseen, and the discredit of all the notes simultaneous, there would be some money in the country to meet it. And in the second place, the shock could not be unfore-

seen, nor the discredit universal or simultaneous. The credit, the prudence, and the wealth of the issuers of notes must be of every different degree. In such a country as England, there are some bankers whom no individual would trust with five hundred pounds, and who might be reduced to insolvency by an unexpected demand for one thousand pounds, and others, who at a day's notice could draw hundreds of thousands from their own resources, and obtain millions from their connexions. There are some who move in the track which experience has shewn to be safe, with the impassive regularity of mechanism; and others, who, when extraordinary gain is suggested to them, seem not only willing to encounter chances, but to be deprived of the power of calculating them.

It is impossible that the rise of prices and extension of speculation, which I have supposed, could continue long, before accident or imprudence should expose some establishments to a demand for money, which they would be unable to answer; a general feeling of distrust would follow, and would cause a simultaneous demand

of money for notes, or, to use a word which the unhappy experience of the year 1825 has rendered familiar, a "run," upon all those establishments whose character for riches did not place their solvency above suspicion; at first, indeed, an indiscriminate run upon all. The first effect of this would be to bring out the reserves of money: the second would be the failure of many establishments, and the discredit of their notes; but many would probably stand it, and suffer scarcely a momentary interruption of their credit and circulation. Prices certainly would fall, the exchange would turn in our favour, money would come in, thousands would be ruined irretrievably, and years might be necessary to restore the country to its former state of settled prosperity; but all these effects would be produced in a lower degree than in the extreme instance with which I set out.

It will be observed, that I have allowed nothing for the general fall in the value of the precious metals throughout the world, which might be expected to arise from the additional supply afforded by the disuse of metallic money in a single coun-

gold currency, this effect could not be produced. Our inconvertible paper currency would, therefore, afford a new test of alterations in the value of gold.

With a metallic currency, if the cost of obtaining gold should increase five per cent., it probably would be long before the fact would be acknowledged. The fall of price in each particular instance would be attributable to some fact connected with the commodity itself. Corn would fall from three guineas to three pounds a quarter; it would be said that the harvest was better than had been supposed. Labour would fall; that would be attributed by most reasoners to the fall in the price of corn; and the fall in the price of almost all other articles would be attributed (and rightly enough) to the fall in the price of labour. At the same time, there is no doubt that some of the commodities, the supply of which depends on the seasons, would rise, as no season is equally favourable to all. This would help to keep the real fact out of sight; and it could be proved only by a very wide induction, and after a considerable period. With an inconvertible and stationary paper cur-

rency, if other prices remained unaltered, and bullion rose, the fact would at once be attributed to its true cause.

But if an increased cost of obtaining bullion, and an increased issue of notes should be contemporaneous, there would probably be considerable difficulty in apportioning the consequent rise in the price of bullion between the two causes; and the difficulty of estimating the part to be attributed to the increased expense of obtaining bullion, would be still greater if instead, or contemporaneously with the issue of notes, there should be an increased rapidity in their circulation, or an increased use of credit, or of balancing accounts, or of any other substitute for money. When the use of these substitutes increases in a country employing a metallic currency, they cause a rise of prices, an export of money, and then a return of prices to their former level. In a country possessing solely an inconvertible paper currency, they must operate solely by producing a rise of prices.

In my hypothesis, I have supposed a substitution of ninety millions of paper for forty-five

millions of money. In such a case, the facts would be so glaring, that no one could doubt that the profuse issue of paper had occasioned almost all the alterations observable in prices. But if the issue had been gradual, and there had never been more than sixty millions in notes at one time in circulation, if the circulation of the inconvertible paper had lasted ten or twelve years; and if, during that time, variations, might have been supposed to have occurred from time to time in the expense of obtaining gold, in the rapidity of our circulation, and in the use of substitutes for money, much dispute would probably arise as to the causes of the variations of the market price of gold from its mint price, and as to the respective force of those causes. Some would say that it was not the paper which had fallen, but the gold which had risen, or, in other words, that the market price of gold was above its mint price, not because more notes had been issued than the amount of the metallic money previously in circulation, but because the expense of obtaining gold had subsequently increased. Others would consider the rise of prices as principally occasioned

by those improvements in banking and commerce, which diminish the use and quicken the circulation of money. And others probably would deny the existence of either of the above causes, and attribute the whole difference to the amount of the issues of paper.

And history bears me out in saying that there might exist a body who would deny the existence of any difference at all, and who would, after debate, solemnly resolve "that the notes of the "Company have hitherto been, and are at this "time, held, in public estimation, to be equivalent "to the legal coin of the realm;" or, in other words, that when eighty-nine guineas would purchase twenty-four ounces of gold bullion, and ninety-four pounds in notes would not purchase twenty ounces, the notes were more valuable than the guineas; or, to put it in a different shape, that when one hundred sovereigns would purchase one hundred and thirty pounds in notes, yet that one hundred and one pounds in notes were of more value than one hundred sovereigns.

You must all have long been aware that in my supposition of a country using a currency con-

sisting of inconvertible paper, I have been describing England during the continuance of the Bank Restriction Act.

Before the memorable year 1797, the Bank of England was, what it now is again, a corporation of great wealth, issuing notes payable in gold, and protected by no privilege from the necessity of making that payment on demand. In the beginning of that year, circumstances, which I will not now attempt to explain, occasioned a run upon the Bank, to which the Directors believed their reserve of gold to be inadequate; and in an evil hour for the country, though a fortunate one for the Bank, they begged the assistance of their principal debtor, the Government. Silver and gold Mr. Pitt had not, but he gave them an order, restricting the Bank from paying its notes in gold; a restriction which, after some interlocutory prolongations, was extended to six months after a general peace, and which, in fact, continued in force nearly a quarter of a century. This restriction removed the danger of bankruptcy; but, though it appeared to enable the Bank to issue as many of their notes as they pleased without the

possibility of being called on for immediate payment, yet as no one was obliged to take them, the commercial existence of the corporation was in danger of being destroyed. The value of bank notes was, however, for some time kept upon a par with the gold which they represented, partly from habit, partly from their being both received and tendered in payment by Government, and principally from their not being issued in a greater amount than was necessary to replace the coin which had been withdrawn.

Towards the year 1809, however, circumstances occurred which, if our currency had been metallic, would have occasioned a less amount of it to be necessary. The interruption of our commerce by the general extension of the war, and by Napoleon's decrees, subsequently aided by our own orders in council, threw great difficulties in the way of obtaining the precious metals from other quarters. At the same time extraordinary importations of corn, subsidies to foreign powers, and a large government consumption abroad, part of which was paid for in bills on England, drawn by our own commissariat, and for all of which gold

was the readiest remittance, kept up a constantly increasing demand for bullion. An unfavourable exchange, an export of coin, and the increased value and efficiency of the portion retained, would have been the consequences if our currency had been metallic. Being inconvertible paper, the consequences must have been a rise of the market price of bullion over the mint price, and a depression of the exchange at least in that proportion, even if the amount of our paper had continued unaltered. On the contrary, it was increased; and the price of bullion, both causes acting upon it in the same direction, continued to rise. The exchange fell not only to the amount of the difference between paper and gold, but still lower, both because the foreign holder of a bill on England could never be sure that bullion would not rise still higher before he received notes for his bill, and because the bills drawn on England by government agents abroad were thrown on the market without the caution or the skill of men acting on their own account. I have often wondered that, under such circumstances, three years were suffered to elapse before any

English creditor endeavoured to enforce payment either in gold, or in notes estimated at the gold they would purchase.

At length, however, in June, 1811, Lord King, probably with a view to demonstrate by an *experimentum crucis* the real value of Bank of England notes, gave notice to his tenants that he would no longer receive notes at par, but that his rents must thenceforth be paid in guineas, or in an equal weight of Portuguese gold coin, or in Bank of England notes of a sufficient nominal value, to purchase such an equal weight.

Lord King's attempt at practical reasoning met with a practical answer. The 51 Geo. III. cap. 127, was passed, which made the buying or selling coin at a rate above its nominal value, or the giving or receiving Bank of England notes at a rate below their nominal value, a crime punishable by fine and imprisonment; and prohibited a distress for rent after a tender in Bank of England notes of the amount due. Arrest for debt after such a tender had before been prohibited.

The act seems liable to be easily evaded, and probably would have been so, if there had been

any sudden and enormous depreciation of bank notes; if there had been a sudden issue, for instance, sufficient to sink their value one-half. It was, however, submitted to, with the exception of a petty smuggling traffic, by which the remaining guineas, except a few which were hoarded, were gradually exported. I recollect, however, so late as 1814 being offered 10,000 guineas for 14,000*l.* in notes.

The Directors of the Bank abused their power much less than could have been expected. It is true they did not diminish their issues, when the rise in the market price of gold shewed that an increased use of the substitutes for money, or an increased difficulty in obtaining gold, had made them still more excessive. It is true, also, that they did, after a time, increase their issues from less than twenty-three millions and a half, the amount in the beginning of 1811, to 28,979,876*l.*, the amount towards the end of 1814; but such conduct, injurious as it was, is a model of sobriety and moderation when compared with that of any other individual or community invested with similar powers.

At length a period arrived when peace had diminished our foreign expenditure, and put an end to our subsidies: trade had returned to regular channels, and more regular, but, perhaps, lower profits. All prices had fallen from the conversion of unproductive into productive consumers; and, in some main articles, from favourable seasons, great commercial losses in the preceding years had diminished speculation and credit, and bank notes were rising to a par, indeed had almost reached a par, with gold. The restriction act was gradually repealed, the market price sunk fourpence halfpenny per ounce below the mint price, and the subsequent disorders of our currency cannot be charged on the direct interference of the legislature.

The 51 Geo. III. was passed to prevent bank notes from being at an open discount. "The "Bank," said Lord Stanhope who introduced it, "is one of the bottom planks of the ship of Eng-"land, and woe to us if we permit it to be bored "through." There can, I think, be little doubt *now*, that an open discount in bank notes, a recognised difference between paper and metallic

prices, would have been the best palliative of the restriction act. It is not impossible that it might have induced the Bank to reduce their issues, until their paper had been at a par with gold. They must have been anxious to save their notes from avowed depreciation, and little as they admitted that the amount of their notes had any thing to do with their value, still they probably would have tried the experiment of diminishing that amount, if it were only to shew their opponents the uselessness of such a measure; and when they found the plan succeed, perhaps even bank directors, such as bank directors then were, might have been convinced. If, however, their conduct had remained unaltered, the public would have had the power, and probably the will, to secure to themselves the use of a less variable currency. Two prices would have been established, one in gold, the other in notes, diverging or approaching as the price of guineas in notes rose or fell. Or more probably, all prices would have been estimated in guineas, and paid in notes according to the discount of the day. The consequences of an increased difficulty in obtaining gold, or of an

increased use of credit, or of the substitutes for gold, would have been, that less gold would have been sufficient. The power of arresting for any debt payable in gold would indeed have been suspended, or at least diminished, as the debtor would have been able to protect himself by tendering the amount in bank notes; but it may be questioned whether that would have been any public injury: in all other respects we might have returned to the state of things before the restriction—and we should have escaped the temporary evils produced by the restriction from 1811 to 1819, and the permanent ones which have survived it. We should have escaped that part of the variation of prices during those eight years which is attributable to the varying issues of bank notes; and permanent contracts would not have been entered into, when 1869*l.* in notes were worth only thirty pounds of gold, to be performed when they were worth forty pounds.

I have said that the bank directors exercised their power with extraordinary moderation: I cannot support this remark by comparing their conduct with that of any other individuals in a pre-

cisely similar situation, because I am not aware that the power of issuing notes having a forced circulation, with a suspended liability of payment, and that payment guaranteed only by the issuers, has in any other instance been confided by the government of a country to any of its subjects. But that power has often been assumed by the government itself, and it is with the conduct of governments, therefore, that we must compare that of the bank. The lowest depreciation of bank notes, or, in other words, the greatest difference between the market and the mint price of gold, was thirty per cent.; and a part of this difference is probably to be attributed, not to the original excess, but to the absence of subsequent contraction, an imprudence on the part of the bank, but a much less glaring one than over issue.

In the next Lecture we shall see what governments have done.

LECTURE III*.

ON SOME EFFECTS OF GOVERNMENT PAPER MONEY.

In the last Lecture I considered the effect on the value of metallic money which can be produced by paper money, issued by individuals. In the present Lecture I shall consider the effects of paper money issued by governments.

My first instance shall be taken from the celebrated Mississippi scheme of Law.

In the beginning of the year 1716, the specie circulating in France was supposed to amount to about £40,000,000 sterling, or 800 millions of

* The following account of Law's transactions is taken from Sir James Steuart, book iv. part 2; Macpherson's Commerce, vol. iii. p. 107; and Storch, vol. iv. note xvi.

The account of the financial transactions during the French revolution is taken from Storch, vol. iv. note xvi., and from vol. v. of the History of the French Revolution, by M. A. Thiers.

The statements respecting the Russian, Danish, and Austrian paper monies, are also taken from Storch, vol. iv. note xvi.

livres—the mark of silver, which is worth about 40 English shillings, being coined into 40 livres. But for some previous years the quantity of silver denominated a livre had been constantly varying; in 1715, the mark had been coined into 28 livres; in 1709 it had been coined into 40; in 1689 it had been coined into 28; and between 1689 and 1709 had been subject to constant alteration. Under these circumstances Law established a bank at Paris, called the General Bank, issuing notes payable on demand in livres of the same weight and fineness as those which were current at its institution; promising, in fact, to pay, not a nominal, but an ascertained quantity of silver *. The security afforded by this promise enabled the bank in the course of three years to issue notes to the amount of 59 millions of livres; and if we suppose that about 19 millions of livres were consequently withdrawn from circulation, the notes of the bank may be supposed to have raised the whole currency of the kingdom to £41,000,000 sterling, or 840 millions of livres.

* The notes ran thus: "The Company promises to pay the bearer at sight ——— livres in coin of the same weight and fineness with the coin of this day."

On the first of January, 1719, the Government, that is, the Regent in the name of the King, took possession of the bank. The first alteration was in the form of the notes; the words, "of the same weight and fineness" were omitted, and the note no longer promised to pay any thing more definite than so many livres; being, in fact, a promise to pay whatever the debtor thought fit, as the debtor had the power, in fact was in the habit, of increasing and diminishing the quantity of silver denominated a livre according to his notions of expediency. The next change was in the amount of its issues.

The bank issued notes to the nominal amount

	of millions of livres.
On April 22, 1719	51
June 10, 1719	50
July 25, 1719	240
September 12, 1719	120
October 24, 1719	120
December 29, 1719	129
January —, 1720	21
February —, 1720	279
Total issued in eleven months	1010

millions of livres of the nominal value of rather more than £50 millions sterling; of which at least

600 millions must have been in circulation at one time. What part of the previously existing specie remained in circulation, is doubtful. It is clear, however, that it could not have been all withdrawn, as no run was ever made upon the bank for coin. Its notes, though they lost the premium which they had borne while the establishment continued in Law's hands, still exchanged for coin at par.—I must now turn a little backwards in the story, and state, that while the bank was in the hands of Law and his partners, they received from the government the exclusive privilege of trading to the West Indies and the French possessions on the continent of America, (whence the name of the Mississippi scheme has ever since adhered to the whole of the transactions originating with Law,) to all countries to the east of the Cape of Good Hope, and had been incorporated under the name of "The Company of the Indias." The mint, which in France is a source of profit, was afterwards made over to them, and they obtained a lease from the crown, first of the duties on tobacco, and afterwards of all those duties which were usually leased under the old

régime, and they were at last entrusted with the receipt of all the revenues of the state. In return for these privileges, besides the annual rents for the duties leased to them, they engaged to lend the government 1,600 millions (£80 millions sterling) at three per cent. To enable them to do this, the bank was restored to them, on the 22d of February, 1720: their proceedings, however, were to be under the control of government, and the King guaranteed the payment of their notes. Five days after followed the celebrated arrêt of the 27th February, 1720, which prohibited any person or corporation from possessing any bullion, or more than five hundred livres (twenty-five pounds) in specie. The most extensive powers of search were given to the police, and informers were rewarded with all the excess found.

At the same time the notes of the company were not only made a legal tender, but the only legal tender, and the payment of any sum beyond ninety-nine livres, (four pounds nineteen shillings) in specie was made punishable by a fine of three thousand livres. The object of these laws was,

of course, first to force all holders of specie to carry it to the bank to be exchanged for notes; secondly, to prevent their demanding payment from the bank in specie, except for small sums; and thirdly, to give a forced value to the notes, as the only money that could be safely tendered, or safely kept. On the 5th of March, 1720,—a considerable sum of specie having probably been received by the bank in the mean time,—an arrêt was made, directing the mark of silver to be worth eighty livres. This, of course, enabled the bank to pay whatever specie might be demanded by the holders of their notes, at half the former expense. This arrêt continued in force only a week, for it was followed by that of the 11th March, 1720, which declared that on the 1st of April the mark of silver was to be worth only seventy livres, and on the 1st of May, sixty-five; and all use of gold and silver as a medium of exchange was prohibited. As the bank received coin in the meantime at eighty livres the mark, this occasioned a considerable influx of coin to their coffers, in anticipation of its impending reduction in value. In three weeks they are said to have received 44

millions of livres, worth nominally about one million one hundred thousand pounds sterling.

The government and the bank seem now to have supposed that the ordinary standards of value, gold and silver, being got rid of, bank paper would be unsusceptible of depreciation or excess; and between the beginning of March and the 2nd of May, they issued notes of the nominal value of 1,626,672,910 livres: being more than double the whole average amount of the money of the country. In the beginning of May, there were in circulation, notes of the nominal value of 2,235,083,590 livres; being a nominal value nearly three times as great as the 800,000,000 of coin for which they were substituted. Gold and silver coin would, of course, have disappeared, even if they had not been legally banished. Still, for the purpose of small payments, there was a circulation of small silver coins, and of copper, and in these small coins the bank paid those notes of ten livres which were presented to it. It may appear singular, that this coinage of small silver remained in the country. As the nominal value of every commodity had been at least trebled in

France, we might have expected that the silver would have been collected and exported, and that the failure of the bank would have been occasioned by their subsequent inability to pay silver for their small-notes—and such, I think, would have been the case, if the whole transaction had taken up a longer time. But in less than three weeks after the last issue of notes, the bank was murdered by the government. If the government had not interposed, it might have lived in apparent credit for three months longer.

The history of the Mississippi scheme is a proof how ignorant the whole of a cultivated nation may be of the necessary results of their actions.

It appears to us obvious, that when the currency of the country was suddenly tripled, all prices must have experienced at least an equal rise. The French government was so little prepared for this result, that when it took place, they resorted to the most violent means to correct it. On the 21st of May, an arrêt was issued, declaring that the bank notes in circulation should in future pass at only half their nominal value. Now this was not, in fact, a greater diminution of the value

of the notes than the arrêt of the 5th of March preceding, which had directed the mark of silver to be worth 80 livres, instead of 40. On the 4th of March, the holder of 40 livres in notes could demand of the bank a mark of silver. On the 5th of March he could demand only ½ a mark. So on the 20th of May, the holder of 65 livres in notes was entitled to a mark of silver. On the 21st, he was entitled to only ½ a mark. The first operation diminished the value of the notes directly only as compared with silver. The second diminished their value directly, not only in silver, but in every thing else. The first was injurious to creditors; the second to debtors. In the first case, the holder of the notes, so far as he was a debtor, could throw his loss, or much more than his loss, upon his creditors; in the second case, so far as he was a creditor, he could reimburse himself, or much more than reimburse himself, from his debtors. But in both cases, as between him and the bank, he was equally defrauded; and as the arrêt of the 5th of March had not interfered with the circulation of the notes, the government probably expected that of the 21st of May to create as little

alarm. But they were mistaken. Though the French public were too ignorant to perceive the consequences of raising the nominal value of silver, they understood those of sinking the nominal value of notes. Up to the 21st of May, holders of commodities possessing intrinsic value seem to have given them in exchange for the notes, in blind confidence that others would do the same. Others did not, in fact, do the same, for as prices kept rising, the man who in December had sold a given quantity of corn for one thousand francs in notes, would not have been able in February to purchase an equal quantity of corn, or of any other commodity, with the same notes. Strange, however, as it may appear, the deterioration of the notes in value does not appear to have affected their circulation. All that people looked to was nominal value, and while the notes were called livres, nobody inquired what a livre meant. But the instant the denomination was altered; the instant government declared that a note for ten livres should be worth only five, the baselessness of the paper fabric was detected. The terror was as universal and as blind as the

confidence had been. To use Sir James Steuart's words, on the 22d day of May, a man with one hundred millions of bank notes might have starved in the streets. The Regent and his ministers, as much alarmed as the people at the tremendous machinery they had set in motion, tried the most arbitrary and the most inconsistent expedients to control it. They revoked the arrêt of the 21st of May, and at the same time raised the denomination of the coin, by declaring that the mark of silver should be worth 82½ livres. To stop the run on the bank, they ordered its payments to be suspended. And when 9000 livres in paper would purchase only 82½ in silver, an arrêt was issued, prohibiting any person from refusing to take the notes at par, under a penalty of double the value of the notes refused. Under a similar forfeiture all persons were commanded to bring back whatever funds they had exported, and forbidden to make any investments in foreign securities. All persons were forbidden to meet together, and soldiers were employed to prevent and disperse all assemblies of merchants and brokers. And when it was found that confi-

dence could not be restored by forbidding people to communicate their fears, and that the credit of the notes was irretrievable, the transaction was wound up by the arrêt of the 10th of October, 1720, which, after providing, not for the payment, but for the investment, at a very low interest, of the outstanding notes, declared that after the 1st of December following, they should have no value.

The next great financial bubble of France was the issue of Assignâts. A few years before 1789, the specie current in France had been estimated at 2200 millions of livres, or about 88 millions sterling. The revolutionary government possessed great wealth in confiscated property, but wanted money. To supply this want, and to create a market for the confiscations, they issued notes in the following form:

"National property Assignât of 100 francs."

These notes were a legal tender, and in that respect resembled every other paper currency having a forced circulation; but they differed from all others in not even professing to represent any specified thing. The words "National property"

signified that their value might be obtained by purchasing with them the confiscated property at the auctions of such property, which were constantly occurring. But there was no reason why that value should have been called 100 francs. It depended on the comparative quantity of the property so purchasable, and the number of assignâts issued. They were first issued in May, 1790, and the amount was fixed by law at 400 millions French, or sixteen millions sterling. In September, 1790, 1200 millions French had been issued; in 1793, 3626 millions; in 1794, 8817 millions and a half; in 1795, 19,699 millions and a half; and on the 7th of September, 1796, the issue had amounted to 45,579 millions, or about £1,823,160 sterling*.

We have seen the consequences of the issue by Law of paper of the nominal value of 2200 millions of livres,—we may conceive the consequences of issuing 45,000 millions.

The value of assignâts fell from day to day. The prices of commodities rose in proportion,

* Storch, vol. iv. p. 162.

not merely to the existing depreciation, but to the well-founded apprehension of a still further depreciation.

When the supply of a durable commodity is suddenly increased, the value falls, but not necessarily in proportion to the additional supply. Unless the causes of the additional supply are ascertained to be permanent, most of the dealers prefer holding their existing stock, in the hope that the market may alter, to parting with it at a certain loss. But when a commodity is perishable, no loss can be so complete, or so certain, as to retain it. A small increase of supply may create such a competition among the sellers, as to reduce the price to nothing. A fish market might be so over supplied as to reduce the sellers to give away a portion of their stock, or even to pay people to remove it from their stalls. Assignâts were a most perishable commodity. Every body taxed his ingenuity to find employment for a currency, of which the value evaporated from hour to hour. It was passed on as it was received, as if it burned every one's hands who touched it. Those who had never engaged in business, became

speculators. Others purchased estates, built houses, or bought pictures and furniture. What was yesterday an extravagance became a bargain to-day. No one scrupled any expense, even for mere transitory pleasure, if it afforded a means of investing or spending, or in any way getting rid of what he possessed in assignâts *.

Those who depended on fixed money payments were reduced to beggary, and beggary, at periods of general distress, is starvation. Every morning there were found in the waters, and on the shores of the Seine, the bodies of wretches who had preferred death by suicide to death by hunger †. The state of the labouring classes was scarcely more tolerable. An increase in the rate of wages is never contemporary, even under the most favourable circumstances, with a forced depreciation of money. The labourers, generally speaking, have but weak means of combining to demand higher wages, or of persisting in their combination, if the advance be refused; while capitalists are almost always combined to resist the advance, and

* Say, Traité d'Economie Politique, vol. i. 202.
† Storch, vol. iv. 163.

of course, first to force all holders of specie to carry it to the bank to be exchanged for notes; secondly, to prevent their demanding payment from the bank in specie, except for small sums; and thirdly, to give a forced value to the notes, as the only money that could be safely tendered, or safely kept. On the 5th of March, 1720,—a considerable sum of specie having probably been received by the bank in the mean time,—an arrêt was made, directing the mark of silver to be worth eighty livres. This, of course, enabled the bank to pay whatever specie might be demanded by the holders of their notes, at half the former expense. This arrêt continued in force only a week, for it was followed by that of the 11th March, 1720, which declared that on the 1st of April the mark of silver was to be worth only seventy livres, and on the 1st of May, sixty-five; and all use of gold and silver as a medium of exchange was prohibited. As the bank received coin in the meantime at eighty livres the mark, this occasioned a considerable influx of coin to their coffers, in anticipation of its impending reduction in value. In three weeks they are said to have received 44

millions of livres, worth nominally about one million one hundred thousand pounds sterling.

The government and the bank seem now to have supposed that the ordinary standards of value, gold and silver, being got rid of, bank paper would be unsusceptible of depreciation or excess; and between the beginning of March and the 2nd of May, they issued notes of the nominal value of 1,626,672,910 livres: being more than double the whole average amount of the money of the country. In the beginning of May, there were in circulation, notes of the nominal value of 2,235,083,590 livres; being a nominal value nearly three times as great as the 800,000,000 of coin for which they were substituted. Gold and silver coin would, of course, have disappeared, even if they had not been legally banished. Still, for the purpose of small payments, there was a circulation of small silver coins, and of copper, and in these small coins the bank paid those notes of ten livres which were presented to it. It may appear singular, that this coinage of small silver remained in the country. As the nominal value of every commodity had been at least trebled in

France, we might have expected that the silver would have been collected and exported, and that the failure of the bank would have been occasioned by their subsequent inability to pay silver for their small-notes—and such, I think, would have been the case, if the whole transaction had taken up a longer time. But in less than three weeks after the last issue of notes, the bank was murdered by the government. If the government had not interposed, it might have lived in apparent credit for three months longer.

The history of the Mississippi scheme is a proof how ignorant the whole of a cultivated nation may be of the necessary results of their actions.

It appears to us obvious, that when the currency of the country was suddenly tripled, all prices must have experienced at least an equal rise. The French government was so little prepared for this result, that when it took place, they resorted to the most violent means to correct it. On the 21st of May, an arrêt was issued, declaring that the bank notes in circulation should in future pass at only half their nominal value. Now this was not, in fact, a greater diminution of the value

of the notes than the arrêt of the 5th of March preceding, which had directed the mark of silver to be worth 80 livres, instead of 40. On the 4th of March, the holder of 40 livres in notes could demand of the bank a mark of silver. On the 5th of March he could demand only ½ a mark. So on the 20th of May, the holder of 65 livres in notes was entitled to a mark of silver. On the 21st, he was entitled to only ½ a mark. The first operation diminished the value of the notes directly only as compared with silver. The second diminished their value directly, not only in silver, but in every thing else. The first was injurious to creditors; the second to debtors. In the first case, the holder of the notes, so far as he was a debtor, could throw his loss, or much more than his loss, upon his creditors; in the second case, so far as he was a creditor, he could reimburse himself, or much more than reimburse himself, from his debtors. But in both cases, as between him and the bank, he was equally defrauded; and as the arrêt of the 5th of March had not interfered with the circulation of the notes, the government probably expected that of the 21st of May to create as little

alarm. But they were mistaken. Though the French public were too ignorant to perceive the consequences of raising the nominal value of silver, they understood those of sinking the nominal value of notes. Up to the 21st of May, holders of commodities possessing intrinsic value seem to have given them in exchange for the notes, in blind confidence that others would do the same. Others did not, in fact, do the same, for as prices kept rising, the man who in December had sold a given quantity of corn for one thousand francs in notes, would not have been able in February to purchase an equal quantity of corn, or of any other commodity, with the same notes. Strange, however, as it may appear, the deterioration of the notes in value does not appear to have affected their circulation. All that people looked to was nominal value, and while the notes were called livres, nobody inquired what a livre meant. But the instant the denomination was altered; the instant government declared that a note for ten livres should be worth only five, the baselessness of the paper fabric was detected. The terror was as universal and as blind as the

and ten per cent. for that of the retailers; and the aggregate of these sums was to be the price of the commodity*. To diminish in some measure the competition of purchasers, the consumer was forbidden to purchase from any one but the retailer, and the retailer from any one but the wholesale dealer: even the quantity which each might purchase was defined. The grocer was forbidden to take more than twenty-five pounds of sugar at once from the sugar merchant, and the seller of lemonade more than ten: and the authorities gave to each intended purchaser a certificate specifying the amount that he might purchase.

As the French subsist chiefly on bread, the bakers' shops were the principal subjects of legislation. They were not to be entered without a certificate, which at the same time was a test of the good political principles of the bearer, and specified the quantity that he might purchase. A long rope was extended from the counter into the street which the file of candidates for purchase

* Thiers, vol. v. 321.

were to lay hold of, in order to ensure their entering the shop in fair succession *. But it was found that persons spent whole nights in the street, in vain attempts to make their entrance. Sometimes the rope was cut through wantonness or malice, and the feeble were suffocated or trampled to death in the consequent struggles; and the disorder became the more frightful when, as a remedy, it was decreed that the last comers should be served first. To prevent the closing the shops, every person who, having been a year in trade, discontinued or diminished his business, was declared a suspected person†; and this when suspicion was imprisonment, and imprisonment the guillotine. At length, even the revolutionary government seem to have felt the impossibility of using fear instead of hope as the motive of production and exchange. The assignâts, having sunk below one three-hundredth part of their nominal value, were called in ‡, the government offering to take them at one per cent. in payment of a forced loan which, in violation of all resem-

* Thiers, vol. v. 120. † Ib. vol. v. 320.
‡ Storch, vol. iv. 164.

blance to honesty, was imposed in money, and to give mandâts, a new species of paper money, in exchange for them at the rate of three per cent. The ultimate result was, that of the whole 45,579,000,000, 12,744,000,000 were, in some way or other discharged: the remaining 32,835,000,000 of the nominal value of about £1,313,000,000 sterling, about twice the amount of our national debt, remained waste paper in the holder's hands.

The mandâts were of the nominal value of 2,400,000,000 French, or about £96,000,000 sterling: they were directions to the authorities to put the bearers into possession, without auction, of a definite portion of the confiscated estates. Such, however, were the comparative values in money of the property and the mandâts, that they came out at a discount, and gradually sunk to less than a seventieth of their nominal value. They were issued on the 9th of June, 1796, and were extinguished, partly in the purchase of confiscated property, and partly in the payment of taxes, before the end of the following September *.

* Storch, vol. iv. 164, from whom the rest of the lecture is taken.

The length of the details into which I have been led as to the paper currency of France, forces me to pass quickly over the history of the other paper currencies of the continent. Catherine II. gave Russia a paper currency, and, by the moderation of her issues, for some time kept it at par; but in 1814, the period at which Storch closes his narrative, four roubles in paper were worth only one in silver*.

The Bank of Copenhagen was founded in 1736. Nine years afterwards the government freed it from the obligation of paying its notes in full. In 1773, the king, thinking probably the privilege of issuing an inconvertible paper money too valuable for a private corporation, took the bank into his own hands. In October 1813, a dollar in silver was worth 1600 dollars in paper †.

The Austrian paper money owes its origin to Maria Theresa. In 1810 a florin in silver was worth thirteen florins in paper. In 1811 the government called in the existing paper money, and directed it to be exchanged, at one-fifth of its nominal value, for a new paper money; and in

* Storch, vol. iv. 233. † Ib. vol. iv. 195.

1812, eight florins in paper were worth only one in silver.

These examples are enough to show that the depreciation of our paper money, great and disastrous as it was, was far less than has usually attended an inconvertible paper currency; and if on any future war a new bank restriction is proposed, I hope it will be recollected that the evils which that unhappy measure actually produced, great as they were and continue to be, bear no proportion to those which the example of other nations shews us to have been exposed to.

NOTE to page 6.

FEW doctrines appear to me more evidently erroneous than that any considerable variation in the amount of wages can be compensated by a rise or fall of profits. The usual supposition is, as I observed in the text, that the capitalist, at an average, advances the wages of his labourers for one year, and receives, after deducting rent, one-tenth of the value of what they produce. I am inclined to think, that the average rate of profit is rather greater, and the average period of advance rather less. After making many inquiries on these subjects in Manchester, I found the general opinion to be, that the manufacturing capitalist turns his capital, at an average, twice in the year, and receives on each operation a profit of 5 per cent.; and that the shopkeeper, at an average, turns his capital four times in a year, and receives on each operation a profit of about 3½ per cent. On these data, the labourer's share would, of course, be much greater than according to the ordinary estimate. We will suppose, however, that estimate to be correct, and that, after rent has been deducted, the labourer receives, at an average, nine-tenths of the value of what he produces. Under these circumstances, a rise in the amount of wages, amounting to one-tenth, or from 10*s.* to 11*s.* a week, if that rise is to be deducted from the capitalist's share, would utterly destroy all profit what-

ever. A rise of one-fifth, or from 10*s*. to 12*s*. a week, would occasion to the capitalist a loss equal to the whole amount of his former profit. A fall in wages of one-tenth would double profits; a fall of one-fifth would treble them. Now we know that general variations in the amount of wages to the amount of one-tenth or one-fifth, or to a greater extent, are not of unfrequent occurrence. Yet who ever heard of their producing such an effect on profits?

And yet this doctrine has received the sanction both of theoretic and practical men. Mr. Francis Place is asked by the Committee on Artizans and Machinery (First Report, p. 46)*, "Do not the masters in conse-"quence of a rise of wages raise their prices?"

"No," he answers, "I believe there is no principle "of political economy better established than this of "wages; increase of wages must come from profits."

Did Mr. Place ever apply this doctrine when his men asked for higher wages on a general mourning? Even the Committee appear to have taken this view of the question. The subject is so important, that I will venture to extract the following passage from the Report made in the following Session:—

"Those eminent persons, who, during the last fifty "years, have reduced the rules that govern the opera-"tions of trade and industry to a science, undertake to "show, by arguments and facts, that the effect of low "wages is not a low price of the commodity to which "they are applied, but the raising of the average rate of

* Session of 1824.

"profits in the country in which they exist. The ex-
"planation of this proposition occupies a large portion
"of the justly-celebrated work of the late Mr. Ricardo,
"on the Principles of Political Economy; and is also ably
"set forth in the following evidence of Mr. M'Culloch,
"to which your committee particularly desire to draw
"the attention of the house:

"'Have you turned your attention to the effect of
"'fluctuations in the rate of wages on the price of com-
"'modities?—I have.

"'Do you consider that when wages rise, the price
"'of commodities will proportionally increase?—I do
"'not think that a real rise of wages has any effect
"'whatever, or but a very imperceptible one, on the
"'price of commodities.

"'Then, supposing wages to be really lower in France
"'than in this country, do you think that that circum-
"'stance would give the French any advantage over us
"'in the foreign market?—No, I do not; I do not think
"'it would give them any advantage whatever. I think
"'it would occasion a different distribution of the pro-
"'duce of industry in France from what would obtain
"'in England, but that would be all. In France, the
"'labourers would get a less proportion of the produce
"'of industry, and the capitalists a larger proportion.

"'Could not the French manufacturer, if he gets his
"'labour for less than the English manufacturer, afford
"'to sell his goods for less?—As the value of goods is
"'made up wholly of labour and profit, the whole and
"'only effect of a French manufacturer getting his

" ' labour for less than an English manufacturer, is to
" ' enable him to make more profit than the English
" ' manufacturer can make, but not to lower the price
" ' of his goods. The low rate of wages in France goes
" ' to establish a high rate of profits in all branches of
" ' industry in France.

" ' What conclusion do you come to in making a
" ' comparison between wages in England and wages in
" ' France?—I come to this conclusion, that if it be true,
" ' that wages are really higher in England than in France,
" ' the only effect of that would be to lower the profits
" ' of capital in England below their level in France, but
" ' that will have no effect whatever on the price of the
" ' commodities produced in either country.

" ' When you say that wages do not affect prices, what
" ' is it that does affect prices?—An increase or diminu-
" ' tion of the quantity of labour necessary to the produc-
" ' tion of the commodity.

" ' Supposing that there was a free export of ma-
" ' chinery, so that France could get that machinery, do
" ' you think that under those circumstances we should
" ' retain those advantages which we possess at the
" ' present moment?—Yes, we should; for the export
" ' of the machinery would not lower our wages, or
" ' increase the wages in France, so that we should pre-
" ' serve that advantage to the full extent that we have it
" ' at this moment.

" ' Will you explain to the committee why you are of
" ' opinion that the French manufacturer would not
" ' undersell the English, seeing that his profits are larger

" 'than the English manufacturer?—Because if he
" 'were to offer to undersell the English, he can only do
" 'it by consenting to accept a less rate of profit on his
" 'capital, than the other French capitalists are making
" 'on theirs, and I cannot suppose a man of common
" 'sense would act upon such a principle.

" 'Are the committee to understand, that although a
" 'French manufacturer pays half the wages to his men
" 'in France, which our manufacturers do in England,
" 'yet that his wages being on a par, or a level, in
" 'general, with the other wages in France, will render
" 'his profits on a par with them, and consequently he
" 'would not undersell the English merchant by lower-
" 'ing his profits below the average rate of profits in
" 'France?—Precisely so. I believe, in point of fact,
" 'there is no such difference; but he could not under-
" 'sell the English manufacturer unless he took lower
" 'profits than all other producers in France were making.
" 'I might illustrate this by what takes place every day
" 'in England, where you never find the proprietor of
" 'rich land, in order to get rid of his produce, offering
" 'it in Mark-lane at a lower rate than that which is got
" 'by a farmer or proprietor of the very worst land in
" 'the kingdom.

" 'Would it not produce a larger sale if the French
" 'manufacturer were to sell at a less price?—Supposing
" 'that to be so, the greater the sale the greater would
" 'be the loss of profit.' " *

* Report from Select Committee on Export of Tools and Machinery. Session of 1825, pp. 13, 14.

I have extracted this passage rather as indicative of the views of the Committee, than of those of Mr. M'Culloch. Mr. M'Culloch, as will appear on turning to his evidence, meant by wages *really high* and *really low*, not a larger or a smaller amount, but a larger or a smaller proportion. But the Committee appear to have understood him to mean a larger or a smaller amount.

Mr. Bradbury had previously stated the common day wages in France to be about half the wages paid in England.

He was asked—"In what way do you consider that "lower wages in France give the French manufacturers "an advantage over English manufacturers?

"I conceive that, if they pay 3*d.* a pound for spin-"ning to the operative spinner, and we pay 6*d.*, that "would give them an advantage of 3*d.* a pound in the "cost.

"You mean to say, that the French would be able to "sell the article they make, in consequence of pay-"ing lower wages, cheaper than the English could "sell it?

"They could afford it 3*d.* a pound cheaper.

"You mean to say, that, according to the rate of "wages paid, the price of the article for which they are "paid is high or low?

"It may be afforded higher or lower, I should ima-"gine, as the cost be more or less.

"Therefore, the whole reason and ground on which "you think that low wages give them an advantage, is,

" that low wages contribute to enable them to sell the " article cheaper than if they paid higher wages?

" Yes; labour constituting a material feature in the cost.

" You conceive that increased cost would be a loss to " the party, if the price was not increased in proportion?

" I should imagine so.

" *Might not the profits of the proprietor be lessened?*

" *They might be lessened, which is in effect a loss.*

" *Might not that enable him to bear the loss which " the difference of wages produces* ?*

" *If he chose to make that sacrifice.*

" Might not the profits be lessened until there were no " profits at all? †

" Very easily I should think."—(Fifth Report of the select Committee on Artizans and Machinery, p. 547, 549, 550.)

It was with reference to this evidence that Mr.

* In other words, " Might not the loss enable him to bear the " loss?"

† This question appears to have come from a different interrogator. In justice to the clear and intelligent evidence of Mr. Bradbury, I should observe that he was far from falling into the common error, that a generally high rate of wages can be unfavourable to a country. He set out by supposing that with the assistance of English machinery and English superintendents, the labour of the French spinners might be as productive as that of the English spinners. Under such circumstances, if their wages could remain at one half of English wages, he believed that the French manufacturer could undersell the English manufacturer. Of the accuracy of this opinion I entertain no doubt, though, from the tenor of the questions, it appears not to have met with the approbation of the Committee.

M'Culloch was examined. His examination commences thus:

"Have you read the evidence which has been given "before this Committee?

"I have read portions of it only.

"Have you read the evidence given by Mr. Bradbury?

"A part of it.

"That part in which he conceives that foreigners have "an advantage over the English manufacturers in conse-"quence of wages being lower in France?

"Yes, I have read that."

And then follows the question:

"Have you turned your attention to the effect of fluc-"tuations in the rate of wages on the price of com-"modities?"

Now if the committee understood Mr. M'Culloch to mean, by high or low wages, not a great or small amount, but a great or small proportion, his evidence and that of Mr. Bradbury had nothing in common.

The whole of the confusion has arisen from a verbal ambiguity. Mr. Ricardo has demonstrated that, in the absence of natural or artificial monopoly, all that is produced is divided between the capitalist and the labourer, and that, *cæteris paribus*, the rate of profit depends on the proportion of the produce which the capitalist receives in return for having advanced, for a given time, the labourers' wages. This doctrine, though, like almost all other truths in political science, when once stated, almost self-evident, is one of the most important discoveries of modern times. It has given to the subject of profits the

clearness which the discoveries of Mr. Malthus and Sir Edward West gave to that of rent. Most unfortunately, however, Mr. Ricardo applied the terms *high wages*, and a *rise of wages*, and *low wages* and a *fall of wages*, to an increase or diminution of the labourer's proportion, whether the amount of what he received were or were not diminished or increased.

" It is according to the division of the whole produce " of the land of any particular farm between the three " classes of landlord, capitalist, and labourer, that we are " to judge of the rise or fall of rent, profit, and wages, " and not according to the value at which that produce " may be estimated in a medium which is confessedly " variable.

" It is not by the absolute quantity of produce ob- " tained by either class that we can correctly judge of " the rate of profit, rent, and wages, but by the quantity " of labour required to obtain that produce. By improve- " ments in machinery and agriculture the whole produce " may be doubled; but if wages, rent, and profit be also " doubled, the three will bear the same proportions to " one another as before, and neither could be said to " have relatively varied. But if wages partook not of the " whole of this increase; if they, instead of being dou- " bled, were only increased by one-half; if rent, instead " of being doubled, were only increased three-fourths, " and the remaining increase went to profit, it would, I " apprehend, be correct for me to say, that rent and wages " had fallen while profits had risen; for if we had an " invariable standard by which to measure the value of

" this produce, we should find that a less value had fallen
" to the class of labourers and landlords, and a greater to
" the class of capitalists, than had been given before.
" We might find, for example, that though the absolute
" quantity of commodities had been doubled, they were
" the produce of precisely the former quantity of labour.
" Of every hundred hats, coats, and quarters of corn pro-
" duced, if

" The labourers had before	25
" The landlords	25
" And the capitalists	50
	100

" and if, after these commodities were double the
" quantity, of every one hundred

" The labourers had only	22
" The landlords	22
" And the capitalists	56
	100

" in that case I should say, that wages and rent had
" fallen and profits risen; though, in consequence of the
" abundance of commodities, the quantity paid to the
" labourer and landlord would have increased in the pro-
" portion of 25 to 44. Wages are to be estimated by
" their real value, viz., by the quantity of labour and
" capital employed in producing them, and not by their
" nominal value either in coats, hats, money, or corn.
" Under the circumstances I have just supposed, com-
" modities would have fallen to half their former value,
" and if money had not varied, to half their former price.
" If, then, in this medium, which had not varied in value,
" the wages of the labourer should be found to have

" fallen, it will not be less a real fall, because they might " furnish him with a greater quantity of cheap commo- " dities than his former wages *."

According to this nomenclature, if one labourer were to receive 30*l.* a year, and the produce of his labour to sell at the end of the year for 40*l.*, and another were to receive 60*l.* a year, and the produce of his labour to sell for 100*l.*, the first labourer would be said to receive higher wages than the second; and if the wages of the second were to be altered from 60*l.* to 40*l.* a year, and the commodity to sell for 50*l.*, the alteration must be termed a rise of wages. According to this nomenclature, the wages of the best workmen are always the lowest, for it is known to be more profitable to employ them. This strange use of words must have been perplexing, even if Mr. Ricardo's language had been consistent. But it is almost impossible to affix to terms of familiar use a perfectly new meaning, and not from time to time to slide into the old one. When Mr. Ricardo says, that " nothing can affect " profits but a rise of wages," p. 118; that " whatever " raises the wages of labour lowers the profits of stock," p. 231; that " high wages invariably affect the em- " ployers of labour by depriving them of a portion of " their real profits," p. 129; that " as the wages of labour " fall the profits of stock rise, and they are together always " of the same value," p. 499, he means by high wages a large proportion. But when he speaks of the " encou- " ragement which high wages give to the increase of " population," pp. 88, 361; when he admits, that " on

* " Principles of Political Econ." p. 48—51.

"an increase of population wages fall," p. 494; he means by high or low wages a large or small amount.

Mr. M'Culloch has stated, with great clearness, the difference between proportional wages and real wages, or wages estimated in money or in quantities of produce. And he adds, with equal accuracy, "If the productive-"ness of industry were to diminish, proportional wages "might rise, notwithstanding that real wages, or the "absolute amount of the produce of industry falling to "the share of the labourer, might be diminished; and if, "on the other hand, the productiveness of industry were "to increase, proportional wages might be diminished, "while real wages might, at the same time, be increased." *Principles*, &c. p. 365. And he generally uses the words "high and low wages" to express, not a large or small proportion, but a large or small amount. It is in this sense that he contrasts (p. 353) the low wages of Hindostan with the high wages of America. But is this use of language consistent with his statement (p. 322) that the high wages we pay to our workmen cause low profits? Or, is it consistent with the inferences drawn by the Committee from his evidence?

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DELIVERED BEFORE THE UNIVERSITY OF OXFORD,
IN EASTER TERM, 1830.

WITH A PREFACE

ON THE

CAUSES AND REMEDIES OF THE PRESENT DISTURBANCES.

Bellique causas et vitia et modos
Tractas, et incedis per ignes
Suppositos cineri doloso.

By NASSAU WILLIAM SENIOR,
OF MAGDALEN COLLEGE, A.M.;
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PREFACE.

THE following Lectures contain little that is not well known to many of my readers, and still less that is peculiarly and exclusively appropriate to the present emergency. They were written and delivered in a period of profound tranquillity; but we are now in a state which may require the exertions of every individual among the educated classes, and many may have to assist in executing, or even in originating measures for the relief of the labouring population, who are not yet sufficiently familiar with the principles according to which that relief is to be afforded.

Under such circumstances, it has appeared to me that advantage might be derived from a short explanation of the ambiguities and fallacies which most obscure the subject of wages—the most difficult and the most important of all the branches of political economy.

My principal object, however, has been to draw attention to the elementary proposition, that *the rate of wages depends on the extent of the fund for the maintenance of labourers, compared with*

the number of labourers to be maintained. This proposition is so nearly self-evident, that it may appear scarcely to deserve a formal statement; still less to be dwelt on as if it were a discovery. It is true that it is obvious and trite; but, perhaps, on that very account, its practical consequences have been neglected. In the first place, if this proposition be admitted, many prevalent opinions respecting the effects of unproductive consumption, of machinery, and of free-trade, must be abandoned; and to show this, is the object of the second and third of the following Lectures. And in the second place, it must also follow that the rate of wages can be raised, or, what is nearly the same, the condition of the labouring classes improved, only by either increasing the fund for their maintenance, or diminishing the number to be maintained.

The principal means by which the fund for the maintenance of labourers can be increased, is by increasing the productiveness of labour. And this may be done,—

First, By allowing every man to exert himself in the way which, from experience, he finds most beneficial; by freeing industry from the mass of restrictions, prohibitions, and protecting duties, with which the Legislature, sometimes in well-meaning ignorance, sometimes in pity, and some-

times in national jealousy, has laboured to crush or misdirect her efforts; and,

Secondly, By putting an end to that unhappy system which, in the southern counties, has dissociated labour from subsistence—has made wages not a matter of contract between the master and the workman, but a right in the one, and a tax on the other; and, by removing the motives for exertion, has rendered, as far as it has been possible, the labourer unworthy of his hire.

The only effectual and permanent means of preventing the undue increase of the number to be maintained, is to raise the moral and intellectual character of the labouring population; to improve, or, I fear we must say, to create habits of prudence, of self-respect, and of self-restraint; to equalize, as by nature they are equal, the wages of the single and the married, and no longer to make a family the passport to allowance. But these are necessarily gradual measures—they are preventive, not remedial. The only *immediate* remedy for an actual excess in one class of the population, is the ancient and approved one, *coloniam deducere.*

It is of great importance to keep in mind, that not only is emigration the sole immediate remedy, but that it is a remedy preparatory to the adoption and necessary to the safety of every other.

The principal cause of the calamities that we are witnessing, has been the disturbance which the poor-laws, as at present administered in the south of England, have created in the most extensive and the most important of all political relations, the relation between the employer and the labourer.

The slave (using that word in its strict sense) cannot choose his owner, his employment, or his residence; his whole services are the property of another, and their value, however high, gives him no additional claim. On the other hand, he is entitled to subsistence for himself and his family: clothing, lodging, food, medical attendance—everything, in short, which is necessary to keep him in health and strength is provided for him, from the same motives, and with the same liberality, that they are provided for the other domestic animals of his master. He is *bound* to labour, and has a *right* to be maintained. Extreme idleness may subject him to the lash, but extraordinary diligence cannot better his condition. He is equally incapable of being benefited by self-restraint, or injured by improvidence. While single, he receives a bare subsistence; if he have a family, his maintenance rises in precise proportion to his wants: the prudential check to population does not exist,—it is kept down, if at all, by oppression

on the part of the master, or vice on that of the slave. This, notwithstanding the various degrees of mitigation which have been introduced by custom or by law, is, in substance, the condition of slaves, wherever slavery exists.

In such a country distress begins, not, as in the case of a free country, with the lower orders, but with the higher. A bad system, therefore, can continue there much longer, because the class affected have farther to fall; and, for the same reason, the ruin, when it does come, is sudden and irretrievable. While misgovernment, by excessive or ill-placed taxation, by commercial restrictions, by allowing insecurity of person or property, by applying any artificial stimulus to population, or under any other of its numerous forms, is gradually wasting the surplus that belongs to landlords and capitalists, the slave population may scarcely feel its effects. Subsistence is all they are entitled to, and *that* they must receive as long as their labour produces it. But the instant that surplus is gone, and distress reaches those whose previous maintenance was only equal to their necessities, what is there between them and absolute destruction? If the evils which have been so long accumulating in some of our West Indian islands had affected a free country, the whole population would, long ago, have risen to redress

them. But, as yet, they have reached only the slave-owner. He has found his property gradually wasting away; he has found that his slaves every year consume a larger and a larger proportion of what they produce; but even still he has something to lose: and while that is the case, *their* situation is unaffected. When the whole produce has become only sufficient to feed the negroes,—a time which, under the present system, is rapidly advancing in some of the older islands,—the whites must abandon them as a field for all the moral and physical evil that slaves, helpless by education and desperate from want, will mutually suffer and inflict*.

The freeman (using that term in its full meaning) is the master of his exertions, and of his residence. He may refuse to quit the spot, or to change the employment, in which his labour has become unprofitable. As he may refuse to labour at all, he may ask for his services whatever remuneration he thinks fit; but as no one is bound to purchase those services, and as no one is obliged to afford him food, clothing, or any of the necessaries of life, he is forced, if he would subsist, to follow the trade, and dwell in the place, and exert the diligence which will make his services worth pur-

* This is one of the modes in which slavery may be extinguished, but it is a dreadful abuse of language to call it euthanasia.

chasing; and he is forced to offer them for sale, by the same necessity which forces the capitalist to offer him wages in exchange for them. And the bargain is settled, like all other free bargains, by the respective market values of the things exchanged. As marriage has no tendency to increase the value of his labour, it has no tendency to increase his remuneration. He defers it, therefore, till the savings made while he was single afford a fund to meet the expenses of a family; and population is kept down by the only check that is consistent with moral or physical welfare—the prudential check.

To this state of things there is a near approach among the labouring classes in the most advanced districts of the continent of Europe, in the lowlands of Scotland, and even throughout the British empire, among the best educated of those classes who derive their chief subsistence from their exertions, including professional persons, domestic servants, skilled artisans, and that portion of the shopkeepers whose profits are, in fact, principally the wages of their labour.

The poor-laws, as administered in the southern districts of England, are an attempt to unite the irreconcilable advantages of freedom and servitude. The labourer is to be a free agent, but without the hazards of free agency; to be free

from the coercion, but to enjoy the assured subsistence of the slave. He is expected to be diligent, though he has no fear of want; provident, though his pay rises as his family increases; attached to a master who employs him in pursuance of a vestry resolution; and grateful for the allowance which the magistrates order him as a right.

In the natural state of the relation between the capitalist and the labourer, when the amount of wages to be paid, and of work to be done, are the subjects of a free and open bargain; when the labourer obtains, and knows that he is to obtain, just what his services are worth to his employer, he must feel any fall in the price of his labour to be an evil, but is not likely to complain of it as an injustice. Greater exertion and severer economy are his first resources in distress; and what they cannot supply, he receives with gratitude from the benevolent. The connexion between him and his master has the kindliness of a voluntary association, in which each party is conscious of benefit, and each feels that his own welfare depends, to a certain extent, on the welfare of the other. But the instant wages cease to be a bargain—the instant the labourer is paid, not according to his *value*, but his *wants*, he ceases to be a freeman. He acquires the indolence, the improvidence, the rapacity, and the malignity, but not the

subordination of a slave. He is told that he has a *right* to wages, but that he is *bound* to work. Who is to decide how hard he ought to work, or how hard he does work? Who is to decide what amount of wages he has a *right* to? As yet, the decision has been made by the overseers and the magistrates. But they were interested parties. The labourer has thought fit to correct that decision. For the present he thinks that he has a *right* to 2*s.* 3*d.* a day in winter, and 2*s.* 6*d.* in summer. And our only hope seems to be, that the promise of such wages will bribe him into quiet. But who can doubt that he will measure his rights by his wishes, or that his wishes will extend with the prospect of their gratification? The present tide may not complete the inundation, but it will be a dreadful error if we mistake the ebb for a permanent receding of the waters. A breach has been made in the sea-wall, and with every succeeding irruption they will swell higher and spread more widely. What we are suffering is nothing to what we have to expect. Next year, perhaps, the labourer will think it *unjust* that he should have less than 4*s.* a day in winter and 5*s.* in summer;—and woe to the tyrants who deny him his *right!*

It is true, that such a right could not be permanently enforced;—it is true, that if the labourer

burns the corn-ricks in which his subsistence for the current year is stored—if he consumes in idleness or in riot the time and the exertions on which next year's harvest depends—if he wastes in extravagant wages, or drives to foreign countries, the capital that is to assist and render productive his labour, *he* will be the greatest sufferer in the common ruin. Those who have property may escape with a portion of it to some country in which *their rights* will be protected; but the labourer must remain to enjoy his own works—to feel that the real rewards for plunder and devastation are want and disease.

But have the consequences of the present system ever been explained to the labourer? Is not his right to good wages re-echoed from all parts of the country? Is he not told—'Dwell in the land, and verily thou shalt be fed?' Does not the Honourable Member, who has affixed this motto to his work, assume, that the fund out of which the labourer is to be fed is practically inexhaustible? And can words more strongly imply that his sufferings arise from the *injustice* of his superiors? Have not even magistrates and landlords recommended the destruction, or, what is the same, both in principle and effect, the disuse of the very machines of which the object is to render labour more efficient in the production of the articles

consumed by the labourer—in the production of that very fund on the extent of which, compared with the number to be maintained, the amount of wages depends? And is there any real difference between this conduct and the burning of a rick-yard? Threshing-machines are the present objects of hostility, ploughs will be the next; spades will then be found to diminish employment; and when it has been made penal to give advantage to labour by any tool or instrument whatever, the last step must be to prohibit the use of the right-hand.

Have sufficient pains been taken even to expose the absurdity of what appears so obvious to the populace—that the landlords ought to reduce their rents and the clergy their tithes, and then the farmer would give better wages? If the farmer had his land for nothing, still it would not be his interest to give any man more wages for a day's work than his day's work was worth. He could better *afford* it, no doubt, to be paid as a *tax;* but why should the farmer pay that tax more than the physician or the shopkeeper? If the farmer is to employ, at this advanced rate of wages, only whom he chooses, the distress will be increased, since he will employ only that smaller number whose labour is worth their increased pay. If he is to employ a certain proportion of the labourers, however numerous, in his parish, he is, in fact, to

pay rent and tithes as before, with this difference only, that they are to be paid to paupers, instead of to the landlord and the parson; and that the payment is not a fixed but an indefinite sum, and a sum which must every year increase in an accelerated ratio, as the increase of population rushes to fill up this new vacuum, till rent, tithes, profit, and capital, are all eaten up, and pauperism produces what may be called its natural effects—for they are the effects which, if unchecked, it must ultimately produce—famine, pestilence, and civil war.

That this country can preserve its prosperity, or even its social existence, if the state of feeling which I have described becomes universal among the lower classes, I think no one will be bold enough to maintain. That it is extensively prevalent, and that, under the present administration of the poor-laws, it *will*, at no remote period, become universal in the southern districts, appears to me to be equally clear. But who, in the present state of those districts, will venture to carry into execution a real and effectual alteration of the poor-laws? Remove, by emigration, the pauperism that now oppresses those districts, and such an alteration, though it may remain difficult, will cease to be impracticable.

Again, the corn-laws, by their tendency to

raise the price of subsistence, by the ruin which they have inflicted on the internal corn-trade, and the stimulus which they have given to the increase of the agricultural population, have without doubt been amongst the causes of the present distress; and if, while the population of England and Wales continues to increase *at the rate of* 500 *persons a day*, the introduction of foreign corn is subject, under ordinary prices, to a prohibitive duty, those laws will become every day more mischievous, and less remediable. But the repeal of those laws, however gradual (and only a gradual repeal can be thought of), would, under the present pressure of pauperism, tend to aggravate the agricultural distress. Lighten that pressure, and we may gradually revert to the only safe system—the system of freedom.

This observation, indeed, is only one example of a general rule. Nature has decreed that the road to good shall be through evil—that no improvement shall take place in which the general advantage shall not be accompanied by partial suffering. The obvious remedy is to remove those whose labour has ceased to be profitable, to a country that will afford room for their exertions. Few inventions, during the present century, have conferred greater benefits on the labouring classes than that of the power-loom. By diminishing the

expense of clothing, it has been a source, not merely of comfort, but of health and longevity. But its proximate effect was to spread ruin among the hand-weavers; to reduce almost all of them to a mere subsistence, and many to the most abject want. Ever since its introduction, thousands have been pining away under misery, not alleviated even by hope; with no rational expectation, but that the ensuing year would be more calamitous than the passing one: and this without fault, without even improvidence. If it had been thought that the removal of a fellow-creature from misery to happiness is worth 12*l.*, they might now have formed a flourishing settlement in British America.

The hostility of many, coupled with the indifference of almost all others, to any systematic plan of emigration, is a ground for regret and alarm, considered not only as a cause, but as a symptom. It is a lamentable proof of ignorance as to the real state of the country, or of carelessness as to its welfare, or of a determination to make no sacrifice for its relief.

We are told that emigration would be expensive, and again we are told that the vacuum would be filled up.

It is true, that to remove a million of persons might, perhaps, cost 12,000,000*l.* sterling; that is

to say, might cost as much as the direct expenditure of THREE MONTHS' WAR; and that an expenditure of 12,000,000*l.* sterling is an evil. But in the first place, it has been demonstrated* that the expense of keeping paupers at home is far greater than that of their removal. It may be necessary to repeat, though it has often been remarked before, that the relief is afforded not only to those individuals who emigrate, but to the much greater number who remain. If there are 450 labourers in a district which requires the full employment and affords the full subsistence of only 400, all, or nearly all, will be in distress, and by the emigration of fifty all will be relieved. And, in the second place, even if the balance of expense were on the side of removing a portion of our surplus population, is no expense beyond that of their mere keep to be feared from their presence? If the present insurrection spread (and it will spread if the peasantry are told, as practically they have been told, that for riot and rebellion three days' imprisonment is the punishment, and a rise of wages the REWARD); if the ravage of the country reacts, as it will react, on the towns; if, when

* See Mr. Wilmot Horton's 'Causes and Remedies of Pauperism,' fourth series.

Hic etiam fatis aperit Cassandra futuris
Ora Dei jussu non unquam credita Teucris.

trade begins to languish, the master manufacturers, according to their late practice, dismiss their workmen, and the manufacturing workmen, in their turn, destroy machinery; if the foundations, not merely of our wealth, but of our existence, are thus impaired, will twelve millions, or twenty millions, or even a hundred millions sterling represent the loss?

It is true, that if we adopt no preventive measures, if we persist blindly in our course of error, the temporary relief afforded by emigration will come to an end, and the vacuum will, in sixteen or seventeen years, be filled up. But is it certain that we shall not profit by experience? Have we a right, or, rather, are we compelled, to assume, as a link in the argument, that we and our successors must be madmen? If a man has been outrunning his income, is it quite certain that we can do him no good by paying his debts, on the ground that *if he goes on* in the same thoughtless expenditure, he will again be involved as deeply as ever? And even granting that the vacuum will be filled up, will it be nothing to have obtained sixteen years' respite?—to have weathered the existing storm?—to have adjourned the crisis to a period which may be more favourable, and cannot possibly be less so?

We are told that the labourers form the strength

of the country, and that to diminish their number is to incur voluntary feebleness. But does the pauper,—the man whose labour is not worth his subsistence, who consumes more than he produces —does he add to the strength of the country? When I hear such remarks, I fancy myself standing by the bedside of an apoplectic patient, and hearing the nurse and the friends prohibit the lancet. 'The blood,' says one, 'is the support of 'life: how can you think of diminishing it in his 'present state of weakness?' 'If you do dimi-'nish it,' cries out another, 'with his habits of free 'living, it will be renewed; in a year the vacuum 'will be filled up.' But is it impossible that the blood can be in excess? Is it certain that his habits are unchangeable? Shall we let him die now, lest we should have to bleed him again a year hence?

It will be observed, that I have assumed that the paupers are willing to emigrate. That they have been so as yet, is unquestionable: I hope, I had almost said I trust, that they still continue to be so. But if they are allowed to fix the labour they are to give, and the wages they are to receive; if they are to help themselves, while it lasts, from the whole property of the country, it is too much to expect that they will not prefer idleness, riot, and plunder at home, to subsistence,

however ample, to be earned by toil and hardship abroad. But this only shows the danger, the madness of delay. While we are deliberating, or even before we have begun to deliberate, the moment for applying the remedy is passing away.

Hitherto, it has been common to defend every existing practice as agreeable to common sense, in opposition to the visionary schemes of political theorists; to plead experience in behalf of everything that has long prevailed, and to deprecate new experiments. It is high time that those who profess to venerate experience should now, at length, show that they can learn from it. To what has common prejudice, reigning under the title of common sense, brought us? Have the *practical* men who have hitherto administered our system of poor-laws, saved us from being brought to the very brink of ruin? Or have they suggested any effectual means for stopping our downward career? Surely common sense, if there be any such thing in the country, will now, at last, bear witness to the truth of Bacon's maxim, that 'he who dreads new remedies, must expect new evils!'

Lincoln's Inn, December 3, 1830.

LECTURE I.

DEFINITION OF HIGH AND LOW WAGES.

THE labourers form the mass of every community. The inquiry into the causes affecting wages is, therefore, the most important branch of political economy. In the following Lectures I propose, first, to explain some ambiguities in the terms high and low wages; secondly, to state the proximate cause which regulates the amount of wages; and, lastly, to expose some prevalent errors respecting that cause; leaving the remoter causes, the causes of the proximate cause, for discussion in a subsequent course.

Wages are the remuneration received by the labourer in recompense for having exerted his faculties of mind and body; and they are termed high or low, in proportion to the extent of that remuneration. That extent has been estimated

by three different measures; and the words high and low wages have, consequently, been used in three different senses.

First. Wages have been termed high or low, according to the amount of *money* earned by the labourer within a given period, without any reference to the commodities which that money would purchase; as when we say that wages have *risen* since the reign of Henry VII., because the labourer now receives 1*s.* 6*d.* or 2*s.* a day, and then received only 4½*d.*

Secondly. They have been termed high or low, according to the *quantity and quality of the commodities* obtained by the labourer, without any reference to his receipts in money; as when we say that wages have *fallen* since the reign of Henry VII., because the labourer then earned two pecks of wheat a day, and now earns only one.

Thirdly. They have been termed high or low, according to the share or proportion which the labourer receives of the produce of his own labour, without any reference to the total amount of that produce.

The first nomenclature, that which measures

wages simply by their amount in money, is the popular one. The second, that which considers wages simply with reference to the quantity and quality of the commodities received by the labourer, or, to speak more correctly, purchaseable with his money wages, was that generally adopted by Adam Smith. The third, that which considers wages as high or low, simply with reference to the labourer's share or proportion of what he produces, was introduced by Mr. Ricardo, and has been continued by many of his followers.

This last use of the words high and low wages has always appeared to me one of the most unfortunate of Mr. Ricardo's many innovations in the language of political economy. In the first place, it has a tendency to withdraw our attention, even when we are considering the subject of wages, from the facts which most influence the labourer's condition. To ascertain whether his wages are high or low, we are desired to inquire, not whether he is well or ill paid,—not whether he is ill or well fed, or clothed, or lodged, or warmed, but simply what proportion of what he produces comes to his share. During the last four or five years, many a hand-weaver has re-

ceived only 8*s.* 3*d.* for producing, by a fortnight's exertion, a web, that the capitalist has sold for 8*s.* 4*d.* A coal-merchant often pays his men two guineas a week, and charges his employers for their services two guineas and a half. But, according to Mr. Ricardo's nomenclature, the wages of the weaver, at 4*s.* 1½*d.* a week, are much higher than those of the coal-heaver at two guineas, since the weaver receives 99 per cent. of the value of his labour, while the coal-heaver had only 80 per cent.

And, even if the nomenclature in question were free from this objection—even if the point on which it endeavours to fix the attention were the most important, instead of being the least important incident to wages, it still would be inconvenient from its obscurity. No writer can hope to be consistent in the use of familiar words in a sense always different from their established meaning, and often directly opposed to it; still less can he hope to be always understood. Even Mr. Ricardo, though he professes to mean by high wages a *great proportion,* has in several places considered them as productive of consequences which would follow only if they signified a *great*

amount. And his followers and opponents have, almost uniformly, supposed those words to mean a great amount. Since the publication of Mr. Ricardo's work, it has been received as an axiom, among the dabblers in political economy, that, according to the established doctrines of the science, high wages and high profits are incompatible; and, therefore, that either the leading doctrines of political economy are false, or the interests of the labourer and the capitalist are always directly opposed to one another. The former opinion has been adopted by the large class who do not attend to what they read; the latter, by the still larger class who do not attend to what they see.

The two other meanings of the words, high and low wages, that which refers to the money, and that which refers to the commodities, received by the labourer, are both equally convenient, if we consider the rate of wages *at the same time and place;* for then they both mean the same thing. At the same time and place, the labourer who receives the highest wages necessarily receives the most commodities. But when we refer to different places, or different times, the words high

or low wages direct the attention to very different subjects, as we understand them to mean more or less in money, or more or less in commodities. The differences which have taken place in the amount of money wages at different times, inform us of scarcely anything but the abundance or scarcity of the precious metals at those times: facts which are seldom of much importance. The differences in the amount of money wages in different places, at the same time, are of much more importance, since they indicate the different values of the labour of different countries in the general market of the world. But even these differences afford no premises, from which the positive condition of the labouring classes, in any country, can be inferred, and but imperfect grounds for estimating their relative condition. The only data which enable us to ascertain the actual situation of the labourers at any given time and place, or their comparative situation at different times and places, are the quantity and quality of the commodities which form their wages, if paid in kind, or are purchaseable with their wages, if paid in money. And as the actual or comparative situation of the labourer is the principal object of

the following inquiry, I shall use the word wages, to express, not the money, but the commodities, which the labourer receives; and I shall consider wages to rise as the quantity or quality of those commodities is increased or improved, and to fall as that quantity or quality is diminished or deteriorated.

It is obvious, too, that the labourer's situation does not depend on the amount which he receives at any one time, but on his average receipts during a given period—during a week, a month, or a year; and that the longer the period taken, the more accurate will be the estimate. Weekly wages have, of course, more tendency to equality than daily ones, and annual than monthly; and, if we could ascertain the amount earned by a man during five, or ten, or twenty years, we should know his situation better than if we confined our attention to a single year. There is, however, so much difficulty in ascertaining the amount of wages during very long periods, that, I think, a single year will be the best that we can take. It comprehends what, in most climates, are very different, summer and winter wages; it comprehends also the period during which the most

important vegetable productions come to maturity in temperate climates, and on that account has generally been adopted by political economists as the average period for which capital is supposed to be advanced.

I should observe that I include, as part of the wages of the married labourer, those of his wife and unemancipated children. To omit them would lead to inaccurate estimates of the comparative situation of the labourers in different countries, or in different occupations. In those employments which are carried on under shelter, and with the assistance of that machinery which affords power, and requires human aid only for its direction, the industry of a woman, or a child, approaches in efficiency to that of a full-grown man. A girl of fourteen can manage a power-loom nearly as well as her father; but where strength, or exposure to the seasons, are required, little can be done by the wife, or the girls, or even by the boys, until they approach the age at which they usually quit their father's house. The earnings of the wife and children of many a Manchester weaver or spinner exceed, or equal, those of himself. Those of the wife and children of an agricultural labourer, or

of a carpenter, or a coal-heaver, are generally unimportant—while the husband, in each case, receives 15*s*. a week; the weekly income of the one family may be 30*s*., and that of the other only 17*s*. or 18*s*.

It must be admitted, however, that the workman does not retain the whole of this apparent pecuniary advantage. The wife is taken from her household labours, and a part of the increased wages is employed in purchasing what might, otherwise, be produced at home. The moral inconveniences are still greater. The infant children suffer from the want of maternal attention, and those who are older from the deficiency of religious, moral, and intellectual education, and childish relaxation and amusement. The establishment of infant and Sunday schools, and laws regulating the number of hours during which children may labour, are palliatives of these evils, but they must exist, to a certain degree, whenever the labour of the wife and children is the subject of sale; and, though not, perhaps, strictly within the province of political economy, must never be omitted in any estimate of the causes affecting the welfare of the labouring classes.

The last preliminary point to which I have to call your attention is, the difference between the *rate of wages* and *the price of labour*.

If men were the only labourers, and if every man worked equally hard, and for the same number of hours, during the year, these two expressions would be synonymous. If each man, for instance, worked three hundred days during each year, and ten hours during each day, one-three-thousandth part of each man's yearly wages would be the price of an hour's labour. But neither of these propositions is true. The yearly wages of a family often include, as we have seen, the results of the labour of the wife and children. And few things are less uniform than the number of working days during the year, or of working hours during the day, or the degree of exertion undergone during those hours.

The established annual holidays, in Protestant countries, are between fifty and sixty. In many Catholic countries they exceed one hundred. Among the Hindoos, they are said to occupy nearly half the year. But these holidays are confined to a certain portion of the population; the labour of a sailor, or a soldier, or a menial

servant, admits of scarcely any distinction of days.

Again, in northern and southern latitudes, the hours of out-door labour are limited by the duration of light; and in all climates by the weather. When the labourer works under shelter, the daily hours of labour may be uniform throughout the year. And, independently of natural causes, the daily hours of labour vary in different countries, and in different employments in the same country. The daily hours of labour are, perhaps, longer in France than in England, and, certainly, are longer in England than in Hindostan. In Manchester, the manufacturer generally works twelve hours a day; in Birmingham, ten: a London shopman is seldom employed more than eight or nine.

There is still more discrepancy between the exertions made by different labourers in a given period. They are often, indeed, unsusceptible of comparison. There is no common measure of the toils undergone by a miner and a tailor, or of those of a shopman and an ironfounder. And labour which is the same in kind, may vary indefinitely in intensity. Many of the witnesses

examined by the Committee on Artisans and Machinery (Session of 1824) were English manufacturers, who had worked in France. They agree as to the comparative indolence of the French labourer, even during his hours of employment. One of the witnesses, Adam Young, had been two years in one of the best manufactories in Alsace. He is asked, 'Did you find the spinners there as industrious as the spinners in England?' and replies, 'No; a spinner in England will do twice as much as a Frenchman. They get up at four in the morning, and work till ten at night; but our spinners will do as much in six hours as they will in ten.'

'Had you any Frenchmen employed under you?'—'Yes; eight, at two francs a day.'

'What had you a day?'—'Twelve francs.'

'Supposing you had had eight English carders under you, how much more work could you have done?'—'With one Englishman, I could have done more than I did with those eight Frenchmen. It cannot be called work they do: it is only looking at it, and wishing it done.'

'Do the French make their yarn at a greater expense?'—'Yes; though they have their

hands for much less wages than in England.'—pp. 580, 582.

Even in the same country, and in the same employments, similar inequalities are constantly observed. Every one is aware that much more exertion is undergone by the labourer by task-work than by the day-labourer; by the independent day-labourer than by the pauper; and even by the pauper than by the convict.

It is obvious that the rate of wages is less likely to be uniform than the price of labour, as the amount of wages will be affected, in the first place, by any variations in the price, and, in the second place, by any variations in the amount, of the labour exerted.

The average annual wages of labour in England, are three times as high as in Ireland; but, as the labourer in Ireland is said not to do more than one-third of what is done by the labourer in England, the price of labour may, in both countries, be about equal. In England, the labourer by task-work earns much more than the day-labourer; but, as it is certainly as profitable to employ him, the price of his labour cannot be higher. It may be supposed, indeed, that the price of labour is

everywhere, and at all times, the same; and, if there were no disturbing causes,—if all persons knew perfectly well their own interest, and strictly followed it, and there were no difficulties in moving capital and labour from place to place, and from employment to employment,—the price of labour, at the same time, *would* be everywhere the same. But these difficulties occasion the price of labour to vary materially, even at the same time and place; and variations, both in the amount of wages and in the price of labour at different times, and in different places, are occasioned, not only by these causes, but by others which will be considered in a subsequent course.

These variations affect very differently the labourer and his employer. The employer is interested in keeping down the price of labour; but while that price remains the same, while at a given expense he gets a given amount of work done, his situation remains unaltered. If a farmer can get a field trenched for 12*l.* it is indifferent to him whether he pays the whole of that sum to three capital workmen, or to four ordinary ones. The three would receive higher wages than the four, but as they would do proportionably

more work, their labour would come just as cheap. If the three could be hired at 3*l.* 10*s.* a piece, while the four required 3*l.* a piece, though the wages of the three would be higher, the price of the work done by them would be lower.

It is true that the causes which raise the amount of the labourer's wages often raise the rate of the capitalist's profits. If, by increased industry, one man performs the work of two, both the amount of wages and the rate of profits will generally be raised. But the rate of profit will be raised, not by the rise of wages, but in consequence of the additional supply of labour having diminished its price, or having diminished the period for which it had previously been necessary to advance that price.

The labourer, on the other hand, is principally interested in the amount of wages. The amount of his wages being given, it is certainly his interest that the price of his labour should be high, for on that depends the degree of exertion imposed on him. But if the amount of his wages be low, he must be comparatively poor, if that amount be high, he must be comparatively rich, whatever be his remuneration for each specific act of exertion. In the one case he will have leisure and want,—

in the other, toil and abundance. I am far from thinking that the evils of severe and incessant labour, or the benefits of a certain degree of leisure, ought to be left out in any estimate of happiness. But it is not with happiness, but with wealth, that I am concerned as a political economist; and I am not only justified in omitting, but, perhaps, am bound to omit, all considerations which have no influence on wealth. In fact, however, wealth and happiness are very seldom opposed. Nature, when she imposed on man the necessity of labour, tempered his repugnance to it by making long-continued inactivity painful, and by strongly associating with exertion the idea of its reward. The poor and half-employed Irish labourer, or the still poorer and less industrious savage, is as inferior in happiness as he is in income to the hard-worked English artisan. The Englishman's industry may sometimes be excessive, his desire to better his condition may sometimes drive him on toils productive of disease ill recompensed by the increase of his wages, but that such is not generally the case may be proved by comparing the present duration of life in England with its former duration, or with

its duration in other countries. It is generally admitted, that during the last fifty years a marked increase has taken place in the industry of our manufacturing population, and that they are now the hardest working labourers in the world. But during the whole of that period the average duration of their lives has been constantly increasing, and appears still to increase: and notwithstanding the apparent unhealthiness of many of their occupations, notwithstanding the atmosphere of smoke and steam in which they labour for seventy-two hours a week, they enjoy longer life than the lightly-toiled inhabitants of the most favoured soils and climates. The average mortality among savage nations is the greatest that is known. In the continent of Europe it is about one in thirty-four. In England, about a century ago, when more than half of our population was agricultural, it was supposed to be one in thirty; fifty years ago it was calculated at one in forty; thirty years ago at one in forty-seven; twenty years ago at one in fifty-two. Now, when two-thirds of our labourers are manufacturers, and more than one-third dwell in cities, it is estimated at one in fifty-eight.

LECTURE II.

POPULAR ERRORS ON THE CAUSES AFFECTING WAGES.

HAVING in the last Lecture marked the distinction which really exists between the price of labour and the amount of wages, I shall for the future consider every labouring family as consisting of the same number of persons, and exerting the same degree of industry. On that supposition, the distinction between the price of labour and the amount of wages will be at an end; or rather, the only distinction will be, that the former expression designates the remuneration for each specific exertion: the latter, the aggregate of all those separate remunerations, as summed up at the end of each year. And the question to be answered will be, what are the causes which decide what in any given country, and at any given period, shall be the quantity and quality of the commodities obtained by a labouring family during a year?

The proximate cause appears to me to be clear. The quantity and quality of the commodities obtained by each labouring family during a year, must depend on the quantity and quality of the commodities directly or indirectly appropriated during the year to the use of the labouring population, compared with the number of labouring families (including under that term all those who depend on their own labour for subsistence); or, to speak more concisely, on the extent of the fund for the maintenance of labourers, compared with the number of labourers to be maintained. This proposition is so nearly self-evident, that if political economy were a new science, I should assume it without further remark. But I must warn you, that this proposition is inconsistent with opinions which are entitled to consideration, some from the number, and others from the authority of those who maintain them.

First. It is inconsistent with the doctrine, that the rate of wages depends on the proportion which the number of labourers bears to the amount of *capital* in a country. The word capital has been used in so many senses, that it is difficult to

state this doctrine precisely; but I know of no definition of that term which will not include many things that are not used by the labouring classes; and if my proposition be correct, no increase or diminution of *these* things can directly affect wages. If a foreign merchant were to come to settle in this country, and bring with him a cargo of raw and manufactured silk, lace, and diamonds, that cargo would increase the capital of the country; silks, lace, and diamonds, would become more abundant, and the enjoyments of those who use them would be increased; but the enjoyments of the labourers would not be directly increased; indirectly, and consequentially, they might be increased. The silk might be re-exported in a manufactured state, and commodities for the use of labourers imported in return; and then, and not till then, wages would rise; but that rise would be occasioned not by the first addition to the capital of the country, which was made in the form of silk, but by the substituted addition made in the form of commodities used by the labourer.

Secondly. It is inconsistent with the doctrine, that wages depend on the proportion borne by

the number of labourers to the *revenue* of the society of which they are members. In the example last suggested, of the introduction of a new supply of lace or diamonds, the *revenues* of those who use lace or diamonds would be increased; but as wages are not spent on those articles, *they* would remain unaltered. It is possible, indeed, to state cases in which the revenue of a large portion of a community might be increased, and yet the wages of the labourers might fall without an increase of their numbers. I will suppose the principal trade of Ireland to be the raising produce for the English market; and that for every two hundred acres ten families were employed in raising on half the land their own subsistence, and on the remainder corn and other exportable crops requiring equal labour. Under such circumstances, if a demand should arise in the English market for cattle, butchers-meat, and wool, instead of corn, it would be the interest of the Irish landlords and farmers to convert their estates from arable into pasture. Instead of ten families for every two hundred acres, two might be sufficient: one to raise the subsistence of the two, and the other to tend the cattle and sheep.

The revenue of the landlords and the farmers would be increased, but a large portion of the labourers would be thrown out of employment; a large portion of the land formerly employed in producing commodities for their use would be devoted to the production of commodities for the use of England; and the fund for the maintenance of Irish labour would fall, notwithstanding the increase of the revenue of the landlords and farmers.

Thirdly. It is inconsistent with the prevalent opinion, that the non-residence of landlords, funded proprietors, mortgagees, and other unproductive consumers, can be detrimental to the labouring inhabitants of a country *that does not export raw produce.*

In a country which exports raw produce, wages may be lowered by such non-residence. If an Irish landlord resides on his estate, he requires the services of certain persons who must also be resident there to minister to his daily wants. He must have servants, gardeners, and perhaps gamekeepers. If he build a house, he must employ resident masons and carpenters; part of his

furniture he may import, but the greater part of it must be made in his neighbourhood; a portion of his land, or, what comes to the same thing, a portion of his rent, must be employed in producing food, clothing, and shelter for all these persons, and for those who produce that food, clothing, and shelter. If he were to remove to England, all these wants would be supplied by Englishmen. The land and capital which was formerly employed in providing the maintenance of Irish labourers, would be employed in producing corn and cattle to be exported to England to provide the subsistence of English labourers. The whole quantity of commodities appropriated to the use of Irish labourers would be diminished, and that appropriated to the use of English labourers increased, and wages would, consequently, rise in England, and fall in Ireland.

It is true that these effects would not be co-extensive with the landlord's income. While, in Ireland, he must have consumed many foreign commodities. He must have purchased tea, wine, and sugar, and other things which the climate and the manufactures of Ireland do not afford, and he must have paid for them by sending corn

and cattle to England. It is true, also, that while in Ireland he probably employed a portion of his land and of his rents for other purposes, from which the labouring population received no benefit, as a deer park, or a pleasure garden, or in the maintenance of horses or hounds. On his removal that portion of his land which was a park would be employed, partly in producing exportable commodities, and partly in producing subsistence for its cultivators; and that portion which fed horses for his use might be employed in feeding horses for exportation. The first of these alterations would do good; the second could do no harm. Nor must we forget that, through the cheapness of conveyance between England and Ireland, a portion, or perhaps all, of those whom he employed in Ireland might follow him to England; and, in that case, wages in neither country would be affected. The fund for the maintenance of labourers in Ireland, and the number of labourers to be maintained, would both be equally diminished, and the fund for the maintenance of labourers in England, and the number of labourers to be maintained, would both be equally increased.

But after making all these deductions, and they are very great, from the supposed effect of the absenteeism of the Irish proprietors on the labouring classes in Ireland, I cannot agree with Mr. M'Culloch that it is immaterial. I cannot but join in the general opinion that their return, though it would not affect the prosperity of the British empire, considered as a whole, would be immediately beneficial to Ireland, though perhaps too much importance is attached to it.

In Mr. M'Culloch's celebrated examination before the Committee on the state of Ireland, (4th Report, 814, Sess. 1825,) he was asked, 'Supposing the largest export of Ireland were in 'live cattle, and that a considerable portion of 'rent had been remitted in that manner, does not 'such a mode of producing the means of paying 'rent contribute less to the improvement of the 'poor than any extensive employment of them in 'labour would produce?'—He replies, 'Unless 'the means of paying rent are changed when the 'landlord goes home, his residence can have no 'effect whatever.'

'Would not,' he is asked, 'the population of 'the country be benefited by the expenditure

'among them of a certain portion of the rent 'which (if he had been absent) has (would have) 'been remitted (to England)?' 'No,' he replies, 'I do not see how it could be benefited in the 'least. If you have a certain value laid out 'against Irish commodities in the one case, you 'will have a certain value laid out against them 'in the other. The cattle are either exported to 'England, or they stay at home. If they are ex-'ported, the landlord will obtain an equivalent 'for them in English commodities; if they are 'not, he will obtain an equivalent for them in Irish 'commodities; so that in both cases the landlord 'lives on the cattle, or on the value of the cattle: 'and whether he lives in Ireland or in England, 'there is obviously just the very same amount of 'commodities for the people of Ireland to subsist 'upon.'

This reasoning assumes that the landlord, while resident in Ireland, himself personally devours all the cattle produced on his estates; for on no other supposition can there be the very same amount of commodities for the people of Ireland to subsist upon, whether their cattle are retained in Ireland or exported.

But when a country does *not* export raw produce, the consequences of absenteeism are very different. Those who derive their incomes from such a country cannot possibly spend them abroad until they have previously spent them at home.

When a Leicestershire landlord is resident on his estate, he employs a certain portion of his land, or, what is the same, of his rent, in maintaining the persons who provide for him those commodities and services, which must be produced on the spot where they are consumed. If he should remove to London, he would want the services of Londoners, and the produce of land and capital which previously maintained labourers resident in Leicester, would be sent away to maintain labourers resident in London. The labourers would probably follow, and wages in Leicestershire and London would *then* be unaltered; but until they did so wages would rise in the one district and fall in the other. At the same time, as the rise and fall would compensate one another, as the fund for the maintenance of labour, and the number of labourers to be maintained, would each remain the same, the same amount of wages would be distributed among the same number of

persons, though not precisely in the same proportion as before.

If he were now to remove to Paris, a new distribution must take place. As the price of raw produce is lower in France than in England, and the difference in habits and language between the two countries prevents the transfer of labourers from the one to the other, neither the labourers nor the produce of his estates could follow him. He must employ French labourers, and he must convert his share of the produce of his estates, or, what is the same thing, his rent, into some exportable form in order to receive it abroad. It may be supposed that he would receive his rent in money. Even if he were to do so, the English labourers would not be injured, for, as they do not eat or drink money, provided the same amount of commodities remained for their use, they would be unaffected by the export of money. But it is impossible that he could receive his rent in money unless he chose to suffer a gratuitous loss. The rate of exchange between London and Paris is generally rather in favour of London, and scarcely ever so deviates from par between any two countries, as to cover the expense of transferring the

precious metals from the one to the other, excepting between the countries which do and those which do not possess mines. The remittances from England to France must be sent, therefore, in the form of manufactures, either directly to France, or to some country with which France has commercial relations. And how would these manufactures be obtained? Of course in exchange for the landlord's rent. His share of the produce of his estates would now go to Birmingham or Sheffield, or Manchester or London, to maintain the labourers employed in producing manufactures, to be sent and sold abroad for his profit. An English absentee employs his income precisely as if he were to remain at home and consume nothing but hardware and cottons. Instead of the services of gardeners and servants, upholsterers and tailors, he purchases those of spinners and weavers and cutlers. In either case his income is employed in maintaining labourers, though the class of labourers is different; and in either case, the whole fund for the maintenance of labourers, and the number of labourers to be maintained, remaining unaltered, the wages of labour would not be affected.

But, in fact, that fund would be rather increased

in quantity and rather improved in quality. It would be increased, because land previously employed as a park, or in feeding dogs and horses, or hares and pheasants, would now be employed in producing food or clothing for men. It would be improved, because the increased production of manufactured commodities would occasion an increased division of labour, the use of more and better machinery, and the other improvements which we long ago ascertained to be its necessary accompaniments.

One disadvantage, and one only, it appears to me, would be the result. The absentee in a great measure escapes domestic taxation. I say in a great measure, because he still remains liable, if a proprietor of houses or of land, to those taxes which fall upon rent: he pays, too, a part of the taxes on the materials of manufactures; and if it were our policy to tax income or exported commodities, he might be forced to pay to the public revenue even more than his former proportion. But, under our present system, which throws the bulk of taxation on commodities produced for internal consumption, he receives the greater part of his revenue without deduction, and instead of contributing to the support of the British Govern-

ment, contributes to support that of France or Italy. This inconvenience, perhaps, about balances the advantages which I have just mentioned, and leaves a community which exports only manufactures, neither impoverished nor enriched by the residence abroad of its unproductive members.

I ought, perhaps, on this occasion again to remind you, that it is to wealth and poverty that my attention is confined. The *moral* effects of absenteeism must never be neglected by a writer who inquires into the causes which promote the *happiness* of nations, but are without the province of a political economist. Nor do I regret that they are so, for they form a subject on which it is far more difficult to obtain satisfactory results. In one respect, indeed, the moral question is the more simple, as it is not complicated by the consideration whether raw produce or manufactures are exported, or whether the non-resident landlord is abroad, or in some town within his own country. If his presence is to be morally beneficial, it must be his presence on his own estate. To the inhabitants of that estate, the place to which he absents himself is indifferent. Adam Smith believed his

residence to be morally injurious. The residence of a court, he observes (book ii. chap. 3), 'in general makes the inferior sort of people dissolute and poor. The inhabitants of a large village, after having made considerable progress in manufactures, have become idle in consequence of a great lord having taken up his residence in their neighbourhood.' And Mr. M'Culloch, whose fidelity and intelligence as an observer may be relied on, states, as the result of his own experience, that in Scotland the estates of absentees are almost always the best managed. Much, of course, depends on individual character; but I am inclined to believe, that in general the presence of men of large fortune is morally detrimental, and that of men of moderate fortune morally beneficial, to their immediate neighbourhood. The habits of expense and indulgence which, in different gradations, prevail among all the members of a great establishment, are mischievous as examples, and perhaps still more so as sources of repining and discontent. The drawing-room and stable do harm to the neighbouring gentry, and the housekeeper's-room and servants'-hall to their inferiors. But families of moderate income, including under

that term incomes between 500*l.* and 2000*l.* a year, appear to be placed in the station most favourable to the acquisition of moral and intellectual excellence, and to its diffusion among their associates and dependents. I have no doubt that a well-regulated gentleman's family, removing the prejudices, soothing the quarrels, directing and stimulating the exertions, and awarding praise or blame to the conduct of the villagers round them, is among the most efficient means by which the character of a neighbourhood can be improved. It is the happiness of this country, that almost every parish has a resident fitted by fortune and education for these services; and bound, not merely by feelings of propriety, but as a matter of express and professional duty, to their performance. The dispersion throughout the country of so many thousand clerical families, each acting in its own district as a small centre of civilization, is an advantage to which, perhaps, we have been too long accustomed to be able to appreciate its extent.

Still, however, I think that even the moral effects of absenteeism have been exaggerated. Those who declaim against the 12,000 English

families supposed to be resident abroad, seem to forget that not one-half, probably not one-quarter, of them, if they were to return, would dwell anywhere but in towns, where their influence would be wasted, or probably not even exerted. What does it signify to the Connaught, or Northumbrian, or Devonshire peasant, whether his landlord lives in Dublin, or London, or Cheltenham, or Rome? And even of those who would reside in the country, how many would exercise that influence beneficially? How many would be fox-hunters or game-preservers, or surround themselves with dependents whose example would more than compensate for the virtues of their masters? Nothing can be more rash than to predict that *good* would be the result of causes which are quite as capable of producing evil.

The economical effects have been still more generally misunderstood; and I have often been tempted to wonder that doctrines so clear as those which I have been submitting to you, should be admitted with reluctance even by those who feel the proofs to be unanswerable, and should be rejected at once by others as involving a paradox too monstrous to be worth examination.

Much of this, probably, arises from a confusion of the economical with the moral part of the question. Many writers and readers of political economy forget that wealth only is within the province of that science; and that the clearest proof that absenteeism diminishes the virtue or the happiness of the remaining members of a community is no answer to arguments which aim only at proving that it does not diminish their wealth.

Another source of error arises from the circumstance, that when the landlord is present the gain is concentrated, and the loss diffused; when he is absent, the gain is diffused, and the loss concentrated. When he quits his estate, we can put our finger on the village tradesman and labourer who lose his custom and employment. We cannot trace the increase of custom and employment that is consequently scattered among millions of manufacturers. When he returns, we see that the expenditure of 2000*l.* or 3000*l.* a year in a small circle gives wealth and spirit to its inhabitants. We do not see, however clearly we may infer it, that so much the less is expended in Manchester, Birmingham, or Leeds. The inhabitants of his village attribute their gain and their loss to

its causes; and their complaints and acknowledgments are loud in proportion to the degree in which they feel their interests to be affected. No single manufacturer is conscious that the average annual export of more than forty millions sterling has been increased or diminished to the amount of two or three thousand pounds. And even if aware of that increase or diminution, he would not attribute it to the residence in Yorkshire or Paris of a given individual, of whose existence he probably is not aware. When to obvious and palpable effects nothing is to be opposed but inferences deduced by a long, though perfectly demonstrative reasoning process, no one can doubt which will prevail, both with the uneducated and the educated vulgar.

Many persons, also, are perplexed by the consideration, that all the commodities which are exported as remittances of the absentee's income are exports for which no return is obtained; that they are as much lost to this country as if they were a tribute paid to a foreign state, or even as if they were thrown periodically into the sea. This is unquestionably true; but it must be recollected, that whatever is unproductively consumed, is, by

the very terms of the proposition, destroyed, without producing any return. The only difference between the two cases is, that the resident landlord performs that destruction here; the absentee performs it abroad. In either case, he first purchases the services of those who produce the things which he, for his benefit, not for theirs, is to consume. If he stays here, he pays a man to brush a coat, or clean a pair of boots, or arrange a table—all which an hour after are in their former condition. When abroad, he pays an equal sum for the production of needles, or calicoes, which are sent abroad, and equally consumed without further benefit to those who produced them. The income of unproductive consumers, however paid, is a tribute; and whether they enjoy it here or elsewhere, is their own concern. We know that a man cannot eat his cake and have it; and it is equally true that he cannot sell a cake to another and keep it for himself.

The last cause to which I attribute the slow progress of correct opinions on this subject, is their distastefulness to the most influential members of the community. Nothing can be more flattering to landlords, annuitants, mortgagees,

and fundholders, than to be told that their residence is of vital importance to the country. Nothing can be more humiliating than to be assured that it is utterly immaterial to the rest of the community whether they live in Brighton, or London, or Paris. Those who are aware how much our judgment, even in matters of science, is influenced by our wishes, will not be surprised at the prejudices against a doctrine which forbids the bulk of the educated class to believe that they are benefactors to their country by the mere fact of residing within its shores.

I may appear, perhaps, to have dwelt too much on a single subject; but no prevalent error can be effectually exposed until its prevalence has been accounted for. And these are errors which are to be heard in every society, and often from those whose general views in political economy are correct. They may be called harmless errors, but no error is, in fact, harmless; and when there is so much in our habits that really requires alteration, we may lose sight of the real and the remediable causes of evil, while our attention is misdirected to absenteeism.

LECTURE III.

POPULAR ERRORS ON THE CAUSES AFFECTING WAGES, (*concluded.*)

I STATED in the last Lecture, that the quantity and quality of the commodities obtained by each labouring family during the year, must depend on the quantity and quality of the commodities directly or indirectly appropriated during the year to the use of the labouring population, compared with the number of labouring families: or, to speak more concisely, on the extent of the fund for the maintenance of labourers, compared with the number of labourers to be maintained; and I observed, that this proposition is inconsistent with many opinions entitled to consideration. Three of those opinions I then examined; in the present Lecture I shall consider the remainder.

Fourthly. It is inconsistent with the doctrine

that the general rate of wages can, except in two cases, be diminished by the introduction of machinery.

The two cases in which the introduction of machinery can produce such an effect, are: first, when labour is employed in the construction of machinery, which labour would otherwise have been employed in the production of commodities for the use of labourers; and, secondly, when the machine itself consumes commodities which would otherwise have been consumed by labourers, and *that* to a greater extent than it produces them.

The first case is put by Mr. Ricardo, in his chapter on Machinery; but in so detailed a form, that, instead of reading it, I will extract its substance, with a slight variation of the terms. He supposes a capitalist to carry on the business of a manufacturer of commodities for the use of labourers; or, to use a more concise expression, the business of a manufacturer of wages. He supposes him to have been in the habit of commencing every year with a capital consisting of wages for a certain number of labourers, which we call twenty-six, and of employing that capital in hiring twenty

men, to reproduce during the year wages for the whole twenty-six, and six to produce commodities for himself. He now supposes him to employ ten of his men during a year in producing, not wages, but a machine, which, with the aid of seven men to keep it in repair and work it, will produce every year wages for thirteen men. At the end of the year the capitalist's situation would be unaltered; he would have wages for thirteen men, the produce of the labour of his other ten men during the year—and his machine, also the produce of the labour of ten men during the year, and therefore of equal value. And his situation would *continue* unaltered. Every year his machine would produce wages for thirteen men, of whom seven must be employed in repairing and working it, and six might as before be employed for the benefit of the capitalist. But we have seen that, during the year in which the machine was constructed only ten men were employed in producing wages instead of twenty, and consequently that wages were produced for only thirteen men, instead of for twenty-six. At the end of that year, therefore, the fund for the maintenance of labour was diminished, and wages must, consequently,

have fallen. It is of great importance to recollect, that the only reason for this fall was the diminution of the annual production. The twenty men produced wages for twenty-six men: the machine produces wages for only thirteen. The vulgar error on this subject supposes the evil to arise not from its true cause, the expense of constructing the machine, but from the productive powers of that machine. So far is this from being true, that those productive powers are the specific benefit which is to be set against the evil of its expensiveness. If, instead of wages for thirteen men, the machine could produce wages for thirty, its use, as soon as it came into operation, would have increased, instead of diminishing the fund for the maintenance of labour. The same effect would have been produced, if the machine could have been obtained without expense; or if the capitalist, instead of building it out of his capital, had built it out of his profits—if, instead of withdrawing ten men for a year from the production of wages, he had employed in its construction, during two years, five of the men whom he is supposed to have employed in producing commodities for his own use. In either case, the additional produce obtained

from the machine would have been an additional fund for the maintenance of labour; and wages must, according to my elementary proposition, have risen.*

I have thought it necessary to state this possible evil as a part of the theory of machinery, but I am far from attaching any practical importance to it. I do not believe that there exists upon record a single instance in which the whole annual produce has been diminished by the use of *inanimate* machinery. Partly in consequence of the expense of constructing the greater part of machinery being defrayed out of profits or rent, and partly in consequence of the great proportion which the productive powers of machinery bear to the expense of its construction, its use is uniformly accompanied by an enormous *increase* of production. The annual consumption of cotton wool in this country, before the introduction of the spinning jenny, did not amount to 100,000 lbs.; it now amounts to 190,000,000. Since the power-loom came into use, the quantity of cotton cloth manufac-

* And yet it appears now to be thought, that wages may be *raised* by the destruction or (what is the same in immediate effect) the disuse of machines already constructed.

tured for home consumption has increased from 227,000,000 of yards (the average annual amount between the years 1816 and 1820), to 400,000,000 of yards (the annual average from 1824 to 1828 (Huskisson's Speech, 1830). The number of copies of books extant at any one period before the invention of the printing-press, was probably smaller than that which is now produced in a single day. Mr. Ricardo's proposition, therefore (Princ. 474), that the use of machinery frequently diminishes the quantity of the gross produce of a country, is erroneous, so far as it depends on the case which he has supposed, and of which I have stated the substance.

The other exception, that where the machine itself consumes commodities which would otherwise have been consumed by labourers, and that to a greater extent than it produces them, applies only to the case of horses and working cattle, which may be termed animated machines. We will suppose a farmer to employ on his farm twenty men, who produce annually their own subsistence, and that of six other men producing commodities for the use of their master. If five horses, consuming, we will say, as much as eight men, could do the work

of ten, it would be worth the farmer's while to substitute them for eight of his men, as he would be able to increase the number of persons who work for his own benefit from six to eight. But after deducting the subsistence of the horses, the fund for the maintenance of labourers would be reduced from wages for twenty-six men to wages for eighteen. I cannot refuse to admit that such cases may exist, or to deplore the misery that must accompany them. They are, in fact, now occurring in Ireland, and are occasioning much of the distress of that country. They seem, indeed, to be the natural accompaniments of a certain period in the progress of national improvement. In the early stages of society, the rank and even the safety of the landed proprietor is principally determined by the number of his dependents. The best mode of increasing that number is to allow the land, which he does not occupy as his own demesne, to be subdivided into small tenements, each cultivated by one family, and just sufficient for their support. Such tenants can of course pay little rent, but they are enabled by their abundant leisure, and forced by their absolute dependence, to swell the retinue, and aid the political influence, of their landlord in peace, and

to follow his banner in public and private war. Cameron, of Lochiel, whose rental did not exceed 500*l.* a year, carried with him into the rebellion of 1745, 800 men raised from his own tenantry. But in the progress of civilization, as wealth becomes the principal means of distinction and influence, landowners prefer rent to dependents. To obtain rent, that process of cultivation must be employed which will give, not absolutely the greatest amount of produce, but the greatest after deducting the expenses. For this purpose a tract of 500 acres, from which fifty families produced their own subsistence, and produced scarcely anything more, may be converted into one farm, and with the labour of ten families, and as many horses, may produce the subsistence of only thirty families. Fortunately, however, the period at which these alterations take place is generally one of great social improvement; so that, after a short interval, the increased diligence and skill with which labour is applied, occasion an increase of even the gross produce. The fund for the maintenance of labourers now becomes increased from two different sources—partly from the increased efficiency of human labour when aided by that of horses and cattle, and partly from the results of a part of the

human labour set free by the substitution of brutes. The ultimate consequences of such a change are always beneficial; the change itself must, in general, be accompanied by distress.

But with the exception of these two cases, one of which produces only temporary effects, and the other, though apparently possible, seems never actually to occur, it appears to me clear that the use of machinery must either raise the general rate of wages, or leave it unaltered.

When machinery is applied to the production of commodities which are *not* intended, directly or indirectly, for the use of labourers, it occasions no alteration in the general rate of wages;—I say the *general* rate of wages, because it may diminish the rate of wages in some employments,—a diminution always compensated by a corresponding increase in some others. I was shown at Birmingham a small screw, which, in the manufacture of corkscrews, performed the work of fifty-nine men; with its assistance one man could cut a spiral groove in as many corkscrew shanks as sixty men could have cut in the same time with the tools previously in use. As the use of corkscrews is limited, it is not probable that the demand for them has sufficiently increased to enable the whole

number of labourers previously employed in their manufacture, to remain so employed after such an increase in their productive power. Some of the corkscrew-makers, therefore, must have been thrown out of work, and the rate of wages in that trade probably fell. But as the whole fund for the maintenance of labourers, and the whole number of labourers to be maintained remained unaltered, that fall must have been balanced by a rise somewhere else—a rise which we may trace to its proximate cause, by recollecting that the fall in the price of corkscrews must have left every purchaser of a corkscrew a fund for the purchase of labour, rather larger than he would have possessed if he had paid the former price.

If, however, machinery be applied to the production of any commodity used by the labouring population, the general rate of wages will *rise*. That it cannot fall is clear, on the grounds which I have just stated. If the improvement be great, and the commodity not subject to a corresponding increase of demand, some of the labourers formerly employed in its production will be thrown out of employment, and wages, in that trade, will fall—a fall which, as the whole fund for the maintenance of labour is not diminished, must be

met by a corresponding rise in some other trade. But the fund *will be increased* by the additional quantity produced of the commodity to which the improvement has been applied: estimated in that commodity, therefore, the general rate of wages, or, in other words, the quantity of commodities obtained by the labouring population, will be increased by the introduction of machinery; estimated in all others, it will be stationary.

The example taken from the manufacture of corkscrews is as unfavourable to the effects of machinery as can be proposed; for the use of the commodity is supposed to be unable to keep up with the increased production, and the whole number of labourers employed on it is, consequently, diminished. This, however, is a very rare occurrence. The usual effect of an increase in the facility of producing a commodity is so to increase its consumption as to occasion the employment of more, not less, labour than before.

I have already called your attention to the effects of machinery in the manufacture of cotton and in printing. Each of these trades probably employs ten times as many labourers as it would have employed if spinning jennies and types had

not been invented. Under such circumstances (and they are the usual ones), the benefits of machinery are not alloyed by even partial inconvenience.

Fifthly. Closely connected with this mistake, and occasioned by the same habit of attending only to what is temporary and partial, and neglecting what is permanent and general; of dwelling on the evil that is concentrated, and being insensible of the benefit that is diffused, is the common error of supposing that the general rate of wages can be reduced by the importation of foreign commodities. In fact, the opening of a new market is precisely analogous to the introduction of a new machine, except that it is a machine which it costs nothing to construct, or to keep up. If the foreign commodity be not consumed by the labouring population, its introduction leaves the general rate of wages unaffected; if it be used by them, their wages are raised as estimated in that commodity. If the absurd laws which favour the wines of Portugal to the exclusion of those of France were repealed, more labourers would be employed in producing commodities for

the French market, and fewer for the Portuguese. Wages would temporarily fall in the one trade, and rise in the other. The clear benefit would be derived by the drinkers of wine, who, at the same expense, would obtain more and better wine. So if what are called the protecting duties on French silks were removed, fewer labourers would be employed in the direct production of silk, and more in its indirect production, by the production of the cottons, or hardware, with which it would be purchased. The wearers of silk would be the only class ultimately benefited; and, as the labouring population neither wear silk nor drink wine, the general rate of wages would, in both cases, remain unaltered. But if the laws which prohibit our obtaining on the most advantageous terms tea, and sugar, and corn, were altered, that portion of the fund for the maintenance of labour, which consists of corn, sugar, and tea, would be increased. And the general rate of wages, as estimated in the three most important articles of food, would be raised.

Sixthly. The views which I have been endeavouring to explain, are inconsistent with the com-

mon opinion, that the unproductive consumption of landlords and capitalists is beneficial to the labouring classes, because it furnishes them with *employment.* The maintainers of this theory must forget that it is not employment, but food, clothing, shelter, and fuel—in short, the materials of subsistence and comfort, that the labouring classes require. The word 'employment' is merely a concise form of designating toil, trouble, exposure, and fatigue. All these, *per se,* are evils, and the less of them that is required for obtaining a given amount of subsistence and comfort,—or, in other words, the greater the facility of obtaining that given amount, the better, *cæteris paribus,* will be the condition of the labouring classes; indeed, of all classes in the community. What occasions the prosperity of a colony? Not the dearness of subsistence, but its cheapness; not the difficulty of obtaining food, clothing, shelter, and fuel, but the facility. Now how can unproductive consumption increase this facility? How can the fund from which all are to be maintained be augmented by the destruction of a portion of it? If the higher orders were to return to the customs of a century ago, and cover their coats with gold

lace, they might enjoy their own finery; but how would that benefit their inferiors? The theory which I am considering, replies that they would be benefited by being *employed* in making the lace. It is true that a coat, instead of costing 5*l.*, would cost 55*l.* But what becomes *now* of the extra 50*l.*? for it cannot be said that because it is not spent on a laced coat, it does not exist. If a landlord with 10,000*l.* a year spends it unproductively, he pays it away to those who furnish the embellishments of his house and grounds, and supply his table, his equipage, and his clothes. Suppose him now to abandon all unproductive expenditure, to confine himself to bare necessaries, and to earn them by his own labour, the first consequence would be, that those among whom he previously spent his 10,000*l.* a-year would lose him as an employer; and beyond this the theory in question sees nothing. But what would he do with the 10,000*l.* which he would still annually receive? No one supposes that he would lock it up in a box, or bury it in his garden. Whether productively or unproductively, it still must be spent. If spent by himself, as by the supposition it would be spent productively, it must increase,

and every year still further increase the whole fund applicable to the use of the rest of the community. If not spent by himself, it must be lent to some other person, and by that person it must be spent productively or unproductively. He might, perhaps, buy with it property in the English funds; but what becomes of it in the hands of the person who sells to him that funded property? He might buy with it French rentes; but in what form would the price of those rentes go to Paris?—In the form, as we have seen, of manufactured commodities. *Quacunque via data*, every man must spend his income; and the less he spends on himself, the more remains for the rest of the world.

The last theory, inconsistent with my own views, to which I shall call your attention, is that proposed by Mr. Ricardo in the following passage:—

'The labouring class have no small interest in 'the manner in which the net income of the 'country is expended, although it should, in all 'cases, be expended for the gratification and en-'joyment of those who are fairly entitled to it.

'If a landlord, or a capitalist, expends his

'revenue in the manner of an ancient baron, in 'the support of a great number of retainers or 'menial servants, he will give employment to 'much more labour than if he expended it on fine 'clothes or costly furniture.

'In both cases the net revenue would be the 'same, and so would be the gross revenue, but 'the former would be realized in different commo-'dities. If my revenue were 10,000*l.*, the same 'quantity nearly of productive labour would be 'employed, whether I realized it in fine clothes 'and costly furniture, &c. &c., or in a quantity of 'food and clothing of the same value. If, how-'ever, I realized my revenue in the first set of 'commodities, no more labour would be *conse-'quently* employed: I should enjoy my furniture 'and my clothes, and there would be an end of 'them; but if I realized my revenue in food and 'clothing, and my desire was to employ menial 'servants, all those whom I could so employ with 'my revenue of 10,000*l.*, or with the food and 'clothing which it would purchase, would be to 'be added to the former demand for labourers, 'and this addition would take place only because 'I chose this mode of expending my revenue. As

'the labourers, then, are interested in the demand 'for labour, they must naturally desire that as 'much as possible should be diverted from expen- 'diture on luxuries, to be expended in the support 'of menial servants.

'In the same manner a country engaged in war, 'and which is under the necessity of maintaining 'large fleets and armies, employs a great many 'more men than will be employed when the war 'terminates, and the annual expenses which it 'brings with it cease.

'If I were not called upon for a tax of 500*l.* 'during the war, which is expended on men in the 'situations of soldiers and sailors, I might pro- 'bably spend that portion of my income on furni- 'ture, clothes, books, &c. &c., and whether it 'was expended in the one way or the other, there 'would be the same quantity of labour employed 'in production; for the food and clothing of the 'soldier and sailor would require the same amount 'of industry to produce them as the more luxurious 'commodities: but, in the case of war, there 'would be the additional demand for men as 'soldiers and sailors; and, consequently, a war 'which is supported out of the revenue, and not

'from the capital of a country, is favourable to 'an increase of population.

'At the termination of the war, when part of 'my revenue reverts to me, and is employed as 'before in the purchase of wine, furniture, or 'other luxuries, the population which it before 'supported, and which the war called into exist-'ence, will become redundant, and by its effect 'on the rest of the population, and its competition 'with it for employment, will sink the value of 'wages, and very materially deteriorate the con-'dition of the labouring classes*.'

Mr. Ricardo's theory is, that it is more beneficial to the labouring classes to be employed in the production of services than in the production of commodities; that it is better for them to be employed in standing behind chairs than in making chairs; as soldiers or sailors than as manufacturers. Now as it is clear that the whole quantity of commodities provided for the use of labourers is not increased by the conversion of an artisan into a footman or a soldier, either Mr. Ricardo must be wrong, or my elementary proposition is false.

* Principles, &c., p. 475.

Mr. Ricardo seems to have been led to his conclusions by observing that the wages of servants, sailors, and soldiers are principally paid in kind—those of artisans in money. He correctly states, that if a man with 10,000*l.* a year spends his income in the purchase of commodities for his own use, he retains, after having made those purchases, no further fund for the maintenance of labour; but that if he spends it in the purchase of commodities to be employed in maintaining menial servants, he has, in those purchased commodities, a new fund with which he can maintain a certain number of menial servants. It appeared to him, therefore, that the landlord would, in the latter case, be able to spend his income twice over; to subsist twice as many persons as before. It did not occur to him that the landlord, by purchasing himself the subsistence of his servants, merely does for them what they would be able to do better for themselves; that, instead of spending his own income twice over, he merely takes on himself the business of spending theirs for them*;

* He did not perceive that all that the landlord spends in purchasing the subsistence and clothing of his servants is so much deducted from what he would otherwise have to pay them in money.

and that if he were to give to his servants the value of their whole subsistence in money, the whole body of labourers would be just as well maintained as in the supposed case of his purchasing their subsistence, and then giving it to them in exchange for their services. No one would maintain that if it were the practice in this country, as it is in India, to give to servants board wages, the demand for labour would be lessened; or that if it were the practice, as it is in semi-barbarous countries, to maintain servants to produce within their masters' walls the commodities which we are accustomed to purchase from shops, the demand for labour would be increased. Still less could it be maintained, that if those servants, instead of producing commodities, were employed in following their master's person, or mounting guard before his door, such a change would create an additional demand for men, and be favourable to an increase of population.

So far am I from concurring in Mr. Ricardo's opinion, that it is the interest of the labourers that revenue should be spent rather on services than on commodities, that I believe their interest

to be precisely opposite. In the first place, the labourer can generally manage better his own income than it can be managed for him by his master. If a domestic servant could earn as wages the whole sum which he costs his master, even if he were to spend it as he received it, he would probably spend it with more enjoyment. Secondly, the income spent on services is spent in the purchase of what perishes at the instant of its creation; that spent on commodities often leaves results which, when their first purchaser has done with them, are serviceable to others. In this country the poor are, to a great extent, clothed with garments originally provided for their superiors. In all the better class of cottages may be found articles of furniture which never could have been made for their present possessors. A large portion of the commodities which now contribute to the comfort of the labouring classes would never have existed, if it had been the fashion in this country, during the last fifty years, to prefer retinue and attendance to durable commodities. And, thirdly, the income employed on commodities is favourable to the creation of both material and immaterial capital; that employed on services

is not. The duties of a servant are so easily learned, that he can scarcely be termed a skilled labourer; his accumulations are small in amount, and seldom turned to much advantage. The artisan learns a trade, in which every year adds to his skill, and is taught mechanical and chemical processes, often susceptible of indefinite improvement, and in which a single invention may raise the author to wealth, and diffuse prosperity over a whole district, or even a whole nation. An industrious artisan can often save a large portion of his income, and invest it with great and immediate profit. He purchases with his savings a small stock of tools and materials, and by the vigilance and activity which can be applied only to a small capital, renders every portion of it efficient. The ancestors, and not the remote ancestors, of some of our richest and our proudest families, the authors of some of our most valuable discoveries, were common mechanics. What menial servant has in this country, and in modern times, been a public benefactor, or even raised himself to affluence? Both history and observation show that those countries in which expenditure is chiefly employed in the purchase of services are poor, and those in which it is employed on commodities are rich.

Mr. Ricardo's theory as to the effects of war is still more strikingly erroneous. It is, in the first place, open to all the objections which I have already opposed to his views respecting menial servants. The revenue which is employed in maintaining soldiers and sailors would, even if unproductively consumed, maintain at least an equal number of servants and artisans; and that portion of it which would have been employed in the maintenance of artisans would (as we have seen) have been far more beneficially employed. The demand for soldiers and sailors is not, as he terms it, an additional, it is merely a substituted demand. But a great part of that revenue would have been productively consumed. Instead of employing some labourers in converting suburbs into fortifications, and forests into navies, to perish by dry rot in harbour, or by exposure at sea, and others in walking the deck and parading on the rampart, it would have employed them in adding more and more every year to the fund from which their subsistence is derived. War is mischievous to every class in the community; but to none is it such a curse as to the labourers.

THE END.

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